

Siyathemba Municipality



Draft Budget Report

2011 - 2012

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B. GLOSSARY

Adjustment Budgets	Prescribed in section 28 of the Municipal Finance Management Act. It is the formal means by which a municipality may revise its budget during a financial year.
Allocations	Money received from Provincial and National Treasury.
Budget	The financial plan of a municipality
Budget Related Policy	Policy of a municipality affecting or affected by the budget. Examples include tariff policy, rates policy and credit control and debt policy.
Budget Steering Committee	Committee established to provide technical assistance to the mayor in discharging the responsibilities set out in section 53 of the MFMA.
Capital Expenditure	Spending on Municipal Assets such as land, buildings and vehicles. Any capital expenditure must be reflected as an asset on a municipality's balance sheet.
Cash Flow Statement	A statement showing when actual cash will be received and spent by the Municipality, and the month end balances of cash and short term investments. Cash receipts and payments do not always coincide with budgeted income and expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month that the services or goods are received, even though it may not be paid in the same period.
CPI	Headline Consumer Price Index
DMTN	Domestic Medium Term Note
DORA	Division of Revenue Act. Annual legislation which shows the allocations from national to local government.
DORB	Division of Revenue Bill. Annual legislation tabled in parliament, but not enacted, which shows the allocations from national to local government.
Executive Management Team	A team consisting of the Municipal Manager and the Executive Directors and Chief Audit Executive reporting to the Municipal Manager.
Equitable Share	A general grant paid to municipalities. It is predominantly targeted to assist municipalities with the costs of free basic services.
GDFI	Gross Domestic Fixed Investment

GFS	Government Finance Statistics. An internationally recognized classification system that facilitates comparisons between municipalities.
IDP	Integrated Development Plan. The main strategic planning document of a municipality.
KPI	Key Performance Indicators. Measures of output and/or outcome.
MAYCO	Mayoral committee
MFMA	Municipal Finance Management Act (No 53 of 2003). The principal piece of legislation relating to municipal financial management.
MTREF	Medium Term Revenue and Expenditure Framework as prescribed by the MFMA set out indicative revenue and projected expenditure for the budget year plus two outer financial years to determine the affordability level thereof. It effectively represents a municipality's medium term financial plan.
MYPD	Multi Year Price Determination
NT	National Treasury
Operating Expenditure	Spending on the day to day expenses of a municipality such as general expenses, salaries & wages and repairs & maintenance.
Portfolio Committee	Section 79 of the Structures Act dictates that a municipal council may (a) establish one or more committees necessary for the effective and efficient performance of any of its functions or the exercise of any of its powers and (b) appoint the members of such a committee from among its members. Portfolio Committees process policies and bylaws relating to the functional areas within their terms of reference, and are responsible for implementation monitoring of these, as well as oversight of the functional areas. This oversight function is further enhanced by the Portfolio Committee's responsibility of assessing and monitoring the performance of services delivery which inter alia includes ensuring that the annual budgets of the municipality's departments are spent wisely and that there is no wastage or corruption.
PT	Provincial Treasury
Rates	Local Government tax based on assessed valuation of a property.
TMA	Total Municipal Account
SCM	Supply Chain Management

SDBIP	Service Delivery Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.
SFA	Strategic Focus Areas: The main priorities of a municipality as set out in the IDP. Budgeted spending must contribute towards achievement of these strategic focus areas.
Sub councils	The municipal area governed by the Siyathemba Municipality is divided into sub councils, each of which is made up of a number of wards. There are a total of wards, each of which is represented by a councilor. A ward is in turn made up of a number of suburbs.
Vote	One of the main segments into which a budget is divided, usually at directorate level.

2011-2012 BUDGET RESOLUTIONS

1. Recommended that the annual budget of the municipality for the financial year 2011/2012; and indicative allocations for the two projected outer years 2012/2013 and 2013/2014 and related policies be noted, as set out in the following schedules and Annexure A to this report:
 - a. Operating revenue by source reflected in Table 36.
 - b. Operating expenditure by vote reflected in Table 3.
 - c. Operating expenditure by GFS classification reflected in Table 2.
 - d. Multi-year capital appropriations by vote reflected in Table 35 and Annexure 1.
 - e. Capital expenditure by GFS classification reflected in Table 5.
 - f. Cash funding by source reflected in Table 5.
 - g. Cash Flow statement as reflected in Table 7.
 - h. Salaries and Benefits of Political Office Bearers, Councillors and Senior Officials as reflected in Table 27 and Table 28.
 - i. Grants, Subsidies and Contributions to external entities in 2010/2011 as set out in Annexure 18.
 - j. Income Performance Indicators for 2010/2011 as set out in Table 12.
 - k. Assessment (property) rates as set out in Annexure 3.
 - l. Special Rating Areas/Municipality Improvement District Levies and Budgets for 2010/2011 as set out in Annexure 4.
 - m. Revised Consumptive Tariffs, Rates and Basic Charges for Electricity Services, Water Services and Waste Management Services as set out in Annexure 5.
 - n. Tariffs, Fees and Charges Book incorporating miscellaneous tariffs, charges, rates and levies for 2011/2012 as set out in Annexure 6.
 - o. The Draft Rates Policy as set out in Annexure 7.
 - p. The Draft Tariff Policies as set out in Annexure 8.
 - q. Draft Credit Control and debt Collection Policy as set out in Annexure 9.
 - r. Draft Policy for the Allocation of Grant-In-Aid as set out in Annexure 10.
 - s. Integrated Development Plan as set out in Annexure 11.
 - t. Mayor's Special Fund as set out in Annexure 13.
 - u. Budgets for Municipal Entities reflected in Table 30 to Table 33.
 - v. Budgeted Financial Performance (revenue and expenditure) per directorate and department as per Annexure 19.
 - w. Operating and Capital ward allocation projects approved by Sub councils as set out in Annexure 20.
 - x. The Draft Funding and Reserves Policy as set out in Annexure 22.
2. Service Delivery Plans/Business Plans with measurable targets be approved by the Executive Mayor in June 2010 following approval of the Budget.
3. Unspent conditional grant allocations (National) as at the end of the 2010/2011 financial year and appropriated or voted to 2011/2012 and future years not be committed to expenditure until approval thereof is obtained from National Treasury, per directive of Budget Circular 38 (2009) and Circular 52 (2010).
4. As per the Executive Management Team resolution the devolved fleet of the Rates Funded directorates will be centralized under the Corporate Services Fleet Management department with effect from 1 July 2011. The full impact will be reflected in the budget for approval at the May 2011 Council Meeting.

5. Further ward allocation projects will be identified and approved by sub councils towards the end of April and will be included in the budget for approval at the May 2011 Council Meeting.
6. The National Treasury Circular 51 ("Municipal Budget Circular for the 2010/2011 MTREF") is annexed to this report for noting.

2. ANNUAL BUDGET TABLES

The Budget schedules to be approved by resolution of Council: Table A1 – Budget Summary

NC077 Siyathemba - Table A1 Budget Summary										
Description	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousands										
Financial Performance										
Property rates	4 801	4 547	6 624	3 726	4 810	4 810	4 810	8 426	8 800	9 476
Service charges	13 580	15 509	19 201	19 638	22 003	22 003	22 003	25 173	28 166	31 710
Investment revenue	18	165	90	65	80	80	80	95	75	85
Transfers recognised - operational	9 089	11 233	14 667	19 714	34 306	34 306	34 306	32 384	35 098	37 467
Other own revenue	3 867	2 007	3 319	3 938	3 468	3 468	3 468	4 045	4 264	4 546
Total Revenue (excluding capital transfers and contributions)	31 355	33 460	43 901	47 082	64 666	64 666	64 666	70 122	76 403	83 285
Employee costs	13 839	15 070	18 439	20 230	19 152	19 152	19 152	23 248	25 147	27 157
Remuneration of councillors	700	1 514	1 001	700	1 750	1 750	1 750	1 902	2 092	2 260
Depreciation & asset impairment	145	145	150	150	150	150	150	150	200	250
Finance charges	1 561	1 587	295	-	-	-	-	-	-	-
Materials and bulk purchases	3 372	3 708	4 925	4 979	7 800	7 800	7 800	9 436	11 323	13 500
Transfers and grants	3 370	4 915	5 891	6 219	21 889	21 889	21 889	19 775	21 363	22 605
Other expenditure	8 367	6 521	13 199	14 503	13 926	13 926	13 926	14 261	14 723	15 763
Total Expenditure	31 355	33 460	43 901	46 782	64 667	64 667	64 667	68 772	74 848	81 535
Surplus/(Deficit)	0	0	0	300	(0)	(0)	(0)	1 350	1 555	1 750
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	-
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	0	0	0	300	(0)	(0)	(0)	1 350	1 555	1 750
Share of surplus / (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	0	0	0	300	(0)	(0)	(0)	1 350	1 555	1 750
Capital expenditure & funds sources										
Capital expenditure	8 120	3 673	6 387	7 156	7 325	7 325	7 325	8 812	10 714	11 304
Transfers recognised - capital	8 120	3 673	6 387	7 156	7 195	7 195	7 195	8 812	10 714	11 304
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	130	130	130	-	-	-
Total sources of capital funds	8 120	3 673	6 387	7 156	7 325	7 325	7 325	8 812	10 714	11 304
Financial position										
Total current assets	11 435	4 697	4 167	5 855	5 855	5 855	5 854	8 397	12 458	12 514
Total non current assets	102 982	121 625	126 897	140 131	140 131	140 131	140 131	140 385	140 440	140 495
Total current liabilities	10 991	12 155	9 363	10 575	10 575	10 575	10 575	8 375	8 425	8 475
Total non current liabilities	999	1 090	1 001	-	-	-	-	652	783	783
Community wealth/Equity	123 245	116 744	113 048	115 000	115 000	115 000	115 000	115 000	115 000	115 000
Cash flows										
Net cash from (used) operating	5 518	4 385	2 973	5 687	6 187	6 187	6 187	(130)	266	2 091
Net cash from (used) investing	(4 937)	(4 131)	3 134	(5 142)	(5 346)	(5 346)	(5 346)	(6 442)	(7 624)	(9 649)
Net cash from (used) financing	(999)	(1 090)	(961)	(15)	(50)	(50)	(50)	(603)	(600)	(603)
Cash/cash equivalents at the year end	(1 875)	(2 712)	2 434	2 964	4 255	4 255	4 255	(2 717)	(10 875)	(19 033)
Cash backing/surplus reconciliation										
Cash and investments available	2 699	2 322	1 013	(497)	(497)	(497)	(498)	502	503	504
Application of cash and investments	(2 538)	2 098	4 130	2 971	2 985	2 985	2 985	(407)	(3 416)	(3 379)
Balance - surplus (shortfall)	5 237	224	(3 117)	(3 468)	(3 482)	(3 482)	(3 483)	909	3 919	3 883
Asset management										
Asset register summary (MDM)	-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment	145	145	150	150	150	150	150	150	200	250
Renewal of Existing Assets	122 782	118 973	126 772	122 819	122 819	122 837	122 837	122 837	122 837	122 837
Repairs and Maintenance	20 686	21 652	30 145	25 469	25 853	25 581	26 414	26 414	26 443	26 443
Free services										
Cost of Free Basic Services provided	2 992	3 543	9 790	10 551	5 476	6 812	6 600	6 600	7 206	7 206
Revenue cost of free services provided	2 992	3 543	9 790	10 551	5 476	6 812	6 600	6 600	7 206	7 206
Households below minimum service level										
Water	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage	117	455	540	-	-	-	-	-	-	-
Energy	205	120	233	-	-	-	-	-	-	-
R refuse	4 101	5 069	5 069	5 069	5 069	5 069	5 069	5 069	5 069	5 069

Table 1: Budget Summary (Table A1)

**The 2006/07 and 2007/08 audited outcomes iro the capital budget excludes adjustments which are not made on our financial system*

Table A2 – Budgeted Financial Performance (Revenue and Expenditure by standard classification)

Table 2: Budgeted Financial Performance (Revenue and Expenditure by standard classification) (Table A2)

NC077 Siyathemba - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)										
Standard Classification Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand	1									
Revenue - Standard										
<i>Governance and administration</i>		–	11 663	19 077	16 761	12 585	12 585	22 600	24 099	25 932
Executive and council		–	410	507	643	604	604	673	702	749
Budget and treasury office		–	11 253	18 570	16 119	11 981	11 981	21 927	23 397	25 183
Corporate services		–	–	–	–	–	–	–	–	–
<i>Community and public safety</i>		–	1 173	2 175	2 654	292	292	588	637	700
Community and social services		–	360	486	379	289	289	568	617	680
Sport and recreation		–	20	96	22	4	4	20	20	20
Public safety		–	761	1 558	2 213	–	–	–	–	–
Housing		–	32	35	40	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		–	22	55	899	29 680	29 680	14 076	15 022	15 908
Planning and development		–	22	55	899	21 821	21 821	11 718	12 484	13 173
Road transport		–	–	–	–	7 859	7 859	2 358	2 538	2 735
Environmental protection		–	–	–	–	–	–	–	–	–
<i>Trading services</i>		–	20 602	22 603	26 768	22 108	22 108	32 858	36 645	40 745
Electricity		–	6 558	7 961	9 535	7 701	7 701	12 353	14 515	17 200
Water		–	5 940	6 654	7 535	6 963	6 963	9 557	10 288	10 851
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		–	8 104	7 988	9 697	7 444	7 444	10 948	11 842	12 694
<i>Other</i>	4	–	–	–	–	–	–	–	–	–
Total Revenue - Standard	2	–	33 460	43 910	47 082	64 665	64 665	70 122	76 403	83 285
Expenditure - Standard										
<i>Governance and administration</i>		–	10 905	18 446	16 922	13 049	13 049	18 378	19 389	20 886
Executive and council		–	2 285	2 561	2 876	4 744	4 744	9 445	9 987	10 712
Budget and treasury office		–	8 620	15 885	14 046	8 305	8 305	8 933	9 402	10 174
Corporate services		–	–	–	–	–	–	–	–	–
<i>Community and public safety</i>		–	2 675	3 256	3 687	1 667	1 667	3 228	3 482	3 765
Community and social services		–	649	987	779	758	758	1 781	1 926	2 093
Sport and recreation		–	869	757	1 234	801	801	1 351	1 458	1 573
Public safety		–	1 157	1 494	1 634	73	73	62	62	62
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	18	40	34	34	35	37	37
<i>Economic and environmental services</i>		–	4 883	4 309	6 413	32 792	32 792	19 407	20 566	21 890
Planning and development		–	4 883	4 309	6 413	25 600	25 600	18 214	19 445	20 633
Road transport		–	–	–	–	7 192	7 192	1 193	1 120	1 258
Environmental protection		–	–	–	–	–	–	–	–	–
<i>Trading services</i>		–	14 997	17 899	19 761	17 157	17 157	27 759	31 411	34 993
Electricity		–	5 513	6 782	8 021	7 393	7 393	11 696	13 592	15 846
Water		–	3 446	4 498	4 797	4 862	4 862	6 282	7 055	7 542
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		–	6 038	6 619	6 943	4 902	4 902	9 781	10 765	11 606
<i>Other</i>	4	–	–	–	–	–	–	–	–	–
Total Expenditure - Standard	3	–	33 460	43 910	46 782	64 665	64 665	68 773	74 848	81 535
Surplus/(Deficit) for the year		–	(0)	–	300	(0)	(0)	1 350	1 555	1 750

Table A3 – Budgeted Financial Performance (revenue and expenditure by municipal vote)

Table 3: Budgeted Financial Performance (Revenue and Expenditure by municipal vote) (Table A3)

NC077 Siyathemba - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)										
Vote Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand										
Revenue by Vote	1									
Executive & Council		–	410	507	643	604	604	673	702	749
Budget & Treasury Office		–	11 253	18 570	16 119	11 981	11 981	21 927	23 397	25 183
Corporate Services		–	–	–	–	–	–	–	–	–
Planning & Development		–	22	55	899	21 821	21 821	11 718	12 484	13 173
Health		–	–	–	–	–	–	–	–	–
Community & Social Services		–	360	486	379	289	289	568	617	680
Housing		–	32	35	40	–	–	–	–	–
Public Safety		–	761	1 558	2 213	–	–	–	–	–
Sport and Recreation		–	20	96	22	4	4	20	20	20
Environmental Protection		–	–	–	–	–	–	–	–	–
Waste Management		–	8 104	7 988	9 697	7 444	7 444	10 948	11 842	12 694
Waste Water Management		–	–	–	–	–	–	–	–	–
Road Transport		–	–	–	–	7 859	7 859	2 358	2 538	2 735
Water		–	5 940	6 654	7 535	6 963	6 963	9 557	10 288	10 851
Electricity		–	6 558	7 961	9 535	7 701	7 701	12 353	14 515	17 200
Total Revenue by Vote	2	–	33 460	43 910	47 082	64 665	64 665	70 122	76 403	83 285
Expenditure by Vote <i>to be appropriated</i>	1									
Executive & Council		–	2 285	2 561	2 876	4 744	4 744	9 445	9 987	10 712
Budget & Treasury Office		–	8 620	15 885	14 046	8 305	8 305	8 933	9 402	10 174
Corporate Services		–	–	–	–	–	–	–	–	–
Planning & Development		–	4 883	4 309	6 413	25 600	25 600	18 214	19 445	20 633
Health		–	–	18	40	34	34	35	37	37
Community & Social Services		–	649	987	779	758	758	1 781	1 926	2 093
Housing		–	–	–	–	–	–	–	–	–
Public Safety		–	1 157	1 494	1 634	73	73	62	62	62
Sport and Recreation		–	869	757	1 234	801	801	1 351	1 458	1 573
Environmental Protection		–	–	–	–	–	–	–	–	–
Waste Management		–	6 038	6 619	6 943	4 902	4 902	9 781	10 765	11 606
Waste Water Management		–	–	–	–	–	–	–	–	–
Road Transport		–	–	–	–	7 192	7 192	1 193	1 120	1 258
Water		–	3 446	4 498	4 797	4 862	4 862	6 282	7 055	7 542
Electricity		–	5 513	6 782	8 021	7 393	7 393	11 696	13 592	15 846
Total Expenditure by Vote	2	–	33 460	43 910	46 782	64 665	64 665	68 773	74 848	81 535
Surplus/(Deficit) for the year	2	–	(0)	–	300	(0)	(0)	1 350	1 555	1 750

Table A4 – Budgeted Financial Performance (revenue and expenditure)

Table 4: Budgeted Financial Performance (Revenue and Expenditure) (Table A4)

NC077 Siyathemba - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Revenue By Source											
Property rates	2	4 801	4 547	6 624	3 704	4 808	4 808	4 808	6 812	7 182	7 756
Property rates - penalties & collection charges		—	—	—	22	2	2	2	1 613	1 618	1 720
Service charges - electricity revenue	2	4 592	5 602	7 448	7 866	8 695	8 695	8 695	10 619	12 639	15 124
Service charges - water revenue	2	4 158	4 398	5 675	5 502	6 782	6 782	6 782	7 413	7 888	8 450
Service charges - sanitation revenue	2	3 387	3 780	4 004	4 145	4 525	4 525	4 525	4 891	5 232	5 560
Service charges - refuse revenue	2	1 360	1 633	1 935	2 125	2 000	2 000	2 000	2 250	2 408	2 576
Service charges - other		83	96	139	—	—	—	—	—	—	—
Rental of facilities and equipment		469	472	691	584	517	517	517	625	636	651
Interest earned - external investments		18	165	90	65	80	80	80	95	75	85
Interest earned - outstanding debtors		470	550	595	625	625	625	625	650	650	675
Dividends received		—	—	—	—	—	—	—	—	—	—
Fines		65	75	84	697	24	24	24	597	651	706
Licences and permits		1	1	3	15	15	15	15	48	28	30
Agency services		730	685	1 620	1 523	1 920	1 920	1 920	1 730	1 875	2 015
Transfers recognised - operational		9 089	11 233	14 667	19 714	34 306	34 306	34 306	32 384	35 098	37 467
Other revenue	2	2 133	224	327	494	367	367	367	395	424	470
Gains on disposal of PPE		—	—	—	—	—	—	—	—	—	—
Total Revenue (excluding capital transfers and contributions)		31 355	33 460	43 901	47 082	64 666	64 666	64 666	70 122	76 403	83 285
Expenditure By Type											
Employee related costs	2	13 839	15 070	18 439	20 230	19 152	19 152	19 152	23 248	25 147	27 157
Remuneration of councillors		700	1 514	1 001	700	1 750	1 750	1 750	1 902	2 092	2 260
Debt impairment	3	—	—	—	1 240	1 240	1 240	1 240	1 240	1 240	1 240
Depredation & asset impairment	2	145	145	150	150	150	150	150	150	200	250
Finance charges	2	1 561	1 587	295	—	—	—	—	—	—	—
Bulk purchases	2	3 372	3 708	4 925	4 979	7 800	7 800	7 800	9 436	11 323	13 500
Other materials	8	—	—	—	—	—	—	—	—	—	—
Contracted services		—	—	—	—	—	—	—	—	—	—
Transfers and grants		3 370	4 915	5 891	6 219	21 889	21 889	21 889	19 775	21 363	22 605
Other expenditure	4, 5	8 367	6 521	13 199	13 263	12 686	12 686	12 686	13 020	13 482	14 523
Loss on disposal of PPE		—	—	—	—	—	—	—	—	—	—
Total Expenditure		31 355	33 460	43 901	46 782	64 667	64 667	64 667	68 772	74 848	81 535
Surplus/(Deficit)		0	0	0	300	(0)	(0)	(0)	1 350	1 555	1 750
Transfers recognised - capital	6	—	—	—	—	—	—	—	—	—	—
Contributions recognised - capital		—	—	—	—	—	—	—	—	—	—
Contributed assets		—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions		0	0	0	300	(0)	(0)	(0)	1 350	1 555	1 750
Taxation		—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after taxation		0	0	0	300	(0)	(0)	(0)	1 350	1 555	1 750
Attributable to minorities		—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) attributable to municipality		0	0	0	300	(0)	(0)	(0)	1 350	1 555	1 750
Share of surplus/ (deficit) of associate	7	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) for the year		0	0	0	300	(0)	(0)	(0)	1 350	1 555	1 750

Table A5 – Budgeted Capital Expenditure by vote, standard classification and funding

Table 5: Budgeted Capital Expenditure by vote, standard classification and funding (Table A5)

NC077 Siyathemba - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding											
Vote Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand	1										
Capital expenditure - Vote											
<i>Multi-year expenditure to be appropriated</i>	2										
Planning & Development		—	—	—	—	—	—	—	—	—	—
Housing		—	—	—	—	—	—	—	—	—	—
Waste Water Management		—	—	—	—	—	—	—	—	—	—
Road Transport		—	—	—	—	—	—	—	—	—	—
Water		—	—	—	—	—	—	—	—	—	—
Electricity		—	—	—	—	—	—	—	—	—	—
Sport and Recreation		—	—	—	—	—	—	—	—	—	—
Waste Management		—	—	—	—	—	—	—	—	—	—
o		—	—	—	—	—	—	—	—	—	—
o		—	—	—	—	—	—	—	—	—	—
o		—	—	—	—	—	—	—	—	—	—
o		—	—	—	—	—	—	—	—	—	—
o		—	—	—	—	—	—	—	—	—	—
o		—	—	—	—	—	—	—	—	—	—
Capital multi-year expenditure sub-total	7	—	—	—	—	—	—	—	—	—	—
<i>Single-year expenditure to be appropriated</i>	2										
Planning & Development		—	—	—	2 594	2 594	2 594	2 594	2 438	3 848	—
Housing		1 806	—	—	—	169	169	169	—	—	—
Waste Water Management		3 441	2 300	—	—	—	—	—	—	—	2 212
Road Transport		—	1 373	4 329	—	—	—	—	4 510	4 286	5 652
Water		—	—	—	2 350	2 350	2 350	2 350	—	—	3 440
Electricity		—	—	2 058	—	—	—	—	—	2 580	—
Sport and Recreation		2 873	—	—	—	—	—	—	—	—	—
Waste Management		—	—	—	2 212	2 212	2 212	2 212	1 863	—	—
o		—	—	—	—	—	—	—	—	—	—
o		—	—	—	—	—	—	—	—	—	—
o		—	—	—	—	—	—	—	—	—	—
o		—	—	—	—	—	—	—	—	—	—
o		—	—	—	—	—	—	—	—	—	—
o		—	—	—	—	—	—	—	—	—	—
o		—	—	—	—	—	—	—	—	—	—
Capital single-year expenditure sub-total		8 120	3 673	6 387	7 156	7 325	7 325	7 325	8 812	10 714	11 304
Total Capital Expenditure - Vote		8 120	3 673	6 387	7 156	7 325	7 325	7 325	8 812	10 714	11 304
Capital Expenditure - Standard											
<i>Governance and administration</i>		—	—	—	—	—	—	—	—	—	—
Executive and council		—	—	—	—	—	—	—	—	—	—
Budget and treasury office		—	—	—	—	—	—	—	—	—	—
Corporate services		—	—	—	—	—	—	—	—	—	—
<i>Community and public safety</i>		4 679	—	—	—	169	169	169	—	—	—
Community and social services		—	—	—	—	—	—	—	—	—	—
Sport and recreation		2 873	—	—	—	—	—	—	—	—	—
Public safety		—	—	—	—	—	—	—	—	—	—
Housing		1 806	—	—	—	169	169	169	—	—	—
Health		—	—	—	—	—	—	—	—	—	—
<i>Economic and environmental services</i>		—	1 373	4 329	2 594	2 594	2 594	2 594	6 949	8 134	5 652
Planning and development		—	—	—	2 594	2 594	2 594	2 594	2 438	3 848	—
Road transport		—	1 373	4 329	—	—	—	—	4 510	4 286	5 652
Environmental protection		—	—	—	—	—	—	—	—	—	—
<i>Trading services</i>		3 441	2 300	2 058	4 562	4 562	4 562	4 562	1 863	2 580	5 652
Electricity		—	—	2 058	—	—	—	—	—	2 580	—
Water		—	—	—	2 350	2 350	2 350	2 350	—	—	3 440
Waste water management		3 441	2 300	—	—	—	—	—	—	—	2 212
Waste management		—	—	—	2 212	2 212	2 212	2 212	1 863	—	—
<i>Other</i>		—	—	—	—	—	—	—	—	—	—
Total Capital Expenditure - Standard	3	8 120	3 673	6 387	7 156	7 325	7 325	7 325	8 812	10 714	11 304
Funded by:											
National Government		8 120	3 673	6 387	7 156	7 026	7 026	7 026	8 812	10 714	11 304
Provincial Government		—	—	—	—	169	169	169	—	—	—
District Municipality		—	—	—	—	—	—	—	—	—	—
Other transfers and grants		—	—	—	—	—	—	—	—	—	—
Transfers recognised - capital	4	8 120	3 673	6 387	7 156	7 195	7 195	7 195	8 812	10 714	11 304
Public contributions & donations	5	—	—	—	—	—	—	—	—	—	—
Borrowing	6	—	—	—	—	—	—	—	—	—	—
Internally generated funds		—	—	—	—	130	130	130	—	—	—
Total Capital Funding	7	8 120	3 673	6 387	7 156	7 325	7 325	7 325	8 812	10 714	11 304

Table A6 – Budgeted Financial Position

Table 6: Budgeted Financial Position (Table A6)

NC077 Siyathemba - Table A6 Budgeted Financial Position

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand											
ASSETS											
Current assets											
Cash		2 282	1	1 013	2	2	2	2	2	3	4
Call investment deposits	1	2 281	2 517	–	1	1	1	–	500	500	500
Consumer debtors	1	6 075	1 416	2 340	5 000	5 000	5 000	5 000	7 000	11 000	11 000
Other debtors		545	577	633	665	665	665	665	700	750	800
Current portion of long-term receivables		60	10	11	12	12	12	12	15	20	25
Inventory	2	192	177	172	175	175	175	175	180	185	185
Total current assets		11 435	4 697	4 167	5 855	5 855	5 855	5 854	8 397	12 458	12 514
Non current assets											
Long-term receivables		198	135	125	130	130	130	130	135	140	145
Investments		–	2 517	–	1	1	1	1	250	300	350
Investment property		–	–	–	–	–	–	–	–	–	–
Investment in Associate		–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	3	102 785	118 973	126 772	140 000	140 000	140 000	140 000	140 000	140 000	140 000
Agricultural		–	–	–	–	–	–	–	–	–	–
Biological		–	–	–	–	–	–	–	–	–	–
Intangible		–	–	–	–	–	–	–	–	–	–
Other non-current assets		–	–	–	–	–	–	–	–	–	–
Total non current assets		102 982	121 625	126 897	140 131	140 131	140 131	140 131	140 385	140 440	140 495
TOTAL ASSETS		114 418	126 323	131 064	145 986	145 986	145 986	145 985	148 782	152 898	153 009
LIABILITIES											
Current liabilities											
Bank overdraft	1	1 864	2 713	–	500	500	500	500	250	300	350
Borrowing	4	3 591	4 902	1 566	1 700	1 700	1 700	1 700	2 250	2 250	2 250
Consumer deposits		266	300	340	350	350	350	350	350	350	350
Trade and other payables	4	3 840	4 240	7 438	8 000	8 000	8 000	8 000	5 500	5 500	5 500
Provisions		630	–	20	25	25	25	25	25	25	25
Total current liabilities		10 191	12 155	9 363	10 575	10 575	10 575	10 575	8 375	8 425	8 475
Non current liabilities											
Borrowing		999	1 090	1 001	–	–	–	–	652	783	783
Provisions		–	–	–	–	–	–	–	–	–	–
Total non current liabilities		999	1 090	1 001	–	–	–	–	652	783	783
TOTAL LIABILITIES		11 190	13 245	10 364	10 575	10 575	10 575	10 575	9 027	9 208	9 258
NET ASSETS	5	103 227	113 078	120 700	135 411	135 411	135 411	135 410	139 755	143 690	143 751
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		123 245	116 744	113 048	115 000	115 000	115 000	115 000	115 000	115 000	115 000
Reserves	4	–	–	–	–	–	–	–	–	–	–
Minorities' interests		–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	123 245	116 744	113 048	115 000	115 000	115 000	115 000	115 000	115 000	115 000

Table A7 – Budgeted Cash Flows

Table 7: Budgeted Cash Flows (Table A7)

NC077 Siyathemba - Table A7 Budgeted Cash Flows

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		26 609	31 755	33 756	25 096	27 457	27 457	27 457	28 451	32 513	32 513
Government - operating	1	–	–	–	15 398	15 759	15 759	15 759	19 439	20 372	20 372
Government - capital	1	–	–	–	6 387	6 387	6 387	6 387	7 026	8 450	10 275
Interest		310	498	642	650	685	685	685	690	725	725
Dividends											
Payments											
Suppliers and employees		(21 285)	(27 465)	(30 953)	(34 647)	(38 010)	(38 010)	(38 010)	(47 450)	(53 350)	(53 350)
Finance charges		(117)	(403)	(471)	(200)	(200)	(200)	(200)	(260)	(260)	(260)
Transfers and Grants	1	–	–	–	(6 997)	(5 891)	(5 891)	(5 891)	(8 026)	(8 184)	(8 184)
NET CASH FROM/(USED) OPERATING ACTIVITIES		5 518	4 385	2 973	5 687	6 187	6 187	6 187	(130)	266	2 091
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		–	–	–	700	350	350	350	–	–	–
Decrease (Increase) in non-current debtors		476	436	715	545	691	691	691	584	626	626
Decrease (Increase) other non-current receivables		124	62	10	–	–	–	–	–	–	–
Decrease (Increase) in non-current investments		(31)	(236)	2 517	–	–	–	–	–	–	–
Payments											
Capital assets		(5 505)	(4 393)	(108)	(6 387)	(6 387)	(6 387)	(6 387)	(7 026)	(8 450)	(10 275)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(4 937)	(4 131)	3 134	(5 142)	(5 346)	(5 346)	(5 346)	(6 442)	(7 824)	(9 649)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing		–	–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits		–	–	40	45	45	45	45	50	50	50
Payments											
Repayment of borrowing		(999)	(1 090)	(1 001)	(60)	(95)	(95)	(95)	(650)	(650)	(650)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(999)	(1 090)	(961)	(15)	(50)	(50)	(50)	(600)	(600)	(600)
NET INCREASE/ (DECREASE) IN CASH HELD		(419)	(836)	5 146	530	791	791	791	(7 172)	(8 158)	(8 158)
Cash/cash equivalents at the year begin:	2	(1 457)	(1 875)	(2 712)	2 434	3 464	4 455	3 464	4 455	(2 717)	(10 875)
Cash/cash equivalents at the year end:	2	(1 875)	(2 712)	2 434	2 964	4 255	5 246	4 255	(2 717)	(10 875)	(19 033)

Table A8 – Cash backed reserves/accumulated surplus reconciliation

Table 8: Cash backed reserves/accumulated surplus reconciliation (Table A8)

NC077 Siyathemba - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand											
<u>Cash and investments available</u>											
Cash/cash equivalents at the year end	1	(1 875)	(2 712)	2 434	2 964	4 255	5 246	4 255	(2 717)	(10 875)	(19 033)
Other current investments > 90 days		4 574	2 517	(1 421)	(3 462)	(4 753)	(5 744)	(4 754)	2 969	11 078	19 187
Non current assets - Investments	1	–	2 517	–	1	1	1	1	250	300	350
Cash and investments available:		2 699	2 322	1 013	(497)	(497)	(497)	(498)	502	503	504
<u>Application of cash and investments</u>											
Unspent conditional transfers		585	243	57	–	–	–	–	–	–	–
Unspent borrowing											
Statutory requirements	2										
Other working capital requirements	3	(3 123)	1 855	4 073	2 971	2 985	2 985	2 985	(407)	(3 416)	(3 379)
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		(2 538)	2 098	4 130	2 971	2 985	2 985	2 985	(407)	(3 416)	(3 379)
Surplus(shortfall)		5 237	224	(3 117)	(3 468)	(3 482)	(3 482)	(3 483)	909	3 919	3 883

Table A9 – Asset Management

Table 9: Asset Management (Table A9)
NC077 Siyathemba - Table A9 Asset Management

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand										
CAPITAL EXPENDITURE										
<u>Total New Assets</u>	1	–	–	–	–	–	–	–	–	–
Infrastructure - Road transport		–	–	–	–	–	–	–	–	–
Infrastructure - Electricity		–	–	–	–	–	–	–	–	–
Infrastructure - Water		–	–	–	–	–	–	–	–	–
Infrastructure - Sanitation		–	–	–	–	–	–	–	–	–
Infrastructure - Other		–	–	–	–	–	–	–	–	–
Infrastructure		–	–	–	–	–	–	–	–	–
Community		–	–	–	–	–	–	–	–	–
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets		–	–	–	–	–	–	–	–	–
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		–	–	–	–	–	–	–	–	–
<u>Total Renewal of Existing Assets</u>	2	122 782	118 973	126 772	122 819	122 819	122 819	122 837	122 837	122 837
Infrastructure - Road transport		35 043	30 971	30 451	32 155	32 155	32 155	32 155	32 155	32 155
Infrastructure - Electricity		7 609	7 071	6 951	7 210	7 210	7 210	7 210	7 210	7 210
Infrastructure - Water		36 153	33 721	33 251	34 375	34 375	34 375	34 375	34 375	34 375
Infrastructure - Sanitation		843	4 963	4 764	3 523	3 523	3 523	3 523	3 523	3 523
Infrastructure - Other		23 137	21 581	22 623	22 447	22 447	22 447	22 447	22 447	22 447
Infrastructure		102 785	98 307	98 040	99 710	99 710	99 710	99 710	99 710	99 710
Community		4 555	4 304	4 051	4 280	4 280	4 280	4 298	4 298	4 298
Heritage assets		15 377	16 288	24 581	18 749	18 749	18 749	18 749	18 749	18 749
Investment properties		–	–	–	–	–	–	–	–	–
Other assets		65	75	100	80	80	80	80	80	80
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		–	–	–	–	–	–	–	–	–
<u>Total Capital Expenditure</u>	4	35 043	30 971	30 451	32 155	32 155	32 155	32 155	32 155	32 155
Infrastructure - Road transport		7 609	7 071	6 951	7 210	7 210	7 210	7 210	7 210	7 210
Infrastructure - Electricity		36 153	33 721	33 251	34 375	34 375	34 375	34 375	34 375	34 375
Infrastructure - Water		843	4 963	4 764	3 523	3 523	3 523	3 523	3 523	3 523
Infrastructure - Sanitation		23 137	21 581	22 623	22 447	22 447	22 447	22 447	22 447	22 447
Infrastructure - Other		102 785	98 307	98 040	99 710	99 710	99 710	99 710	99 710	99 710
Infrastructure		4 555	4 304	4 051	4 280	4 280	4 280	4 298	4 298	4 298
Community		15 377	16 288	24 581	18 749	18 749	18 749	18 749	18 749	18 749
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets		65	75	100	80	80	80	80	80	80
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		–	–	–	–	–	–	–	–	–
TOTAL CAPITAL EXPENDITURE - Asset class	2	122 782	118 973	126 772	122 819	122 819	122 819	122 837	122 837	122 837

ASSET REGISTER SUMMARY - PPE (WDV)		5								
<i>Infrastructure - Road transport</i>										
<i>Infrastructure - Electricity</i>										
<i>Infrastructure - Water</i>										
<i>Infrastructure - Sanitation</i>										
<i>Infrastructure - Other</i>										
Infrastructure			-	-	-	-	-	-	-	-
Community										
Heritage assets										
Investment properties			-	-	-	-	-	-	-	-
Other assets										
Agricultural Assets			-	-	-	-	-	-	-	-
Biological assets			-	-	-	-	-	-	-	-
Intangibles			-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)		5	-	-	-	-	-	-	-	-
EXPENDITURE OTHER ITEMS										
<u>Depreciation & asset impairment</u>			145	145	150	150	150	150	200	250
<u>Repairs and Maintenance by Asset Class</u>		3	20 686	21 652	30 145	25 469	25 853	25 581	26 414	26 443
<i>Infrastructure - Road transport</i>			-	-	-	-	-	-	-	-
<i>Infrastructure - Electricity</i>			3 449	3 529	3 928	4 770	5 070	4 804	5 206	5 529
<i>Infrastructure - Water</i>			296	415	345	422	697	736	517	490
<i>Infrastructure - Sanitation</i>			251	436	340	361	211	240	387	403
<i>Infrastructure - Other</i>			650	549	563	680	611	690	747	696
Infrastructure			4 646	4 929	5 176	6 232	6 589	6 470	6 857	7 118
Community			597	361	288	408	435	282	728	496
Heritage assets			15 377	16 288	24 581	18 749	18 749	18 749	18 749	18 749
Investment properties			-	-	-	-	-	-	-	-
Other assets		6, 7	65	75	100	80	80	80	80	80
TOTAL EXPENDITURE OTHER ITEMS			20 831	21 797	30 295	25 619	26 003	25 731	26 564	26 693
<i>Renewal of Existing Assets as % of total capex</i>			100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Renewal of Existing Assets as % of deprecn"</i>			84677.6%	82050.4%	84514.5%	81879.4%	81879.4%	81879.4%	81891.1%	61418.3%
<i>R&M as a % of PPE</i>			20.1%	18.2%	23.8%	18.2%	18.5%	18.3%	18.9%	18.9%
<i>Renewal and R&M as a % of PPE</i>			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Table A10 – Basic service delivery measurement

Table 10 Basic Service Delivery Measurement (Table A10)

NC077 Siyathemba - Table A10 Basic service delivery measurement

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Household service targets (000)	1									
<u>Water:</u>										
Piped water inside dwelling		2	3	3	3	3	3	3	3	3
Piped water inside yard (but not in dwelling)		3	2	2	2	2	2	2	2	2
Using public tap (at least min.service level)	2	0	0	0	–	–	–	–	–	–
Other water supply (at least min.service level)	4	–	–	–	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>		5	5	5	5	5	5	5	6	6
Using public tap (< min.service level)	3	–	–	–	–	–	–	–	–	–
Other water supply (< min.service level)	4	–	–	–	–	–	–	–	–	–
No water supply		–	–	–	–	–	–	–	–	–
<i>Below/Minimum Service Level sub-total</i>		–	–	–	–	–	–	–	–	–
Total number of households	5	5	5	5	5	5	5	5	6	6
<u>Sanitation/sewerage:</u>										
Flush toilet (connected to sewerage)		3	4	4	4	4	4	4	4	4
Flush toilet (with septic tank)		–	–	1	1	1	1	1	1	1
Chemical toilet		–	–	–	–	–	–	–	–	–
Pit toilet (ventilated)		1	1	1	1	1	1	1	1	1
Other toilet provisions (> min.service level)		–	–	–	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>		4	5	6	6	6	6	6	6	7
Bucket toilet		0	0	0	–	–	–	–	–	–
Other toilet provisions (< min.service level)		–	–	–	–	–	–	–	–	–
No toilet provisions		–	0	0	–	–	–	–	–	–
<i>Below/Minimum Service Level sub-total</i>		0	0	1	–	–	–	–	–	–
Total number of households	5	4	5	6	6	6	6	6	6	7
<u>Energy:</u>										
Electricity (at least min.service level)		4	4	4	4	4	4	4	4	4
Electricity - prepaid (min.service level)		–	0	0	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>		4	5	5	4	4	4	4	4	4
Electricity (< min.service level)		0	0	0	–	–	–	–	–	–
Electricity - prepaid (< min. service level)		–	–	–	–	–	–	–	–	–
Other energy sources		–	–	–	–	–	–	–	–	–
<i>Below/Minimum Service Level sub-total</i>		0	0	0	–	–	–	–	–	–
Total number of households	5	4	5	5	4	4	4	4	4	4
<u>Refuse:</u>										
Removed at least once a week		4	5	5	5	5	5	5	5	5
<i>Minimum Service Level and Above sub-total</i>		4	5	5	5	5	5	5	5	5
Removed less frequently than once a week		–	–	–	–	–	–	–	–	–
Using communal refuse dump		4	5	5	5	5	5	5	5	5
Using own refuse dump		–	–	–	–	–	–	–	–	–
Other rubbish disposal		–	–	–	–	–	–	–	–	–
No rubbish disposal		–	–	–	–	–	–	–	–	–
<i>Below/Minimum Service Level sub-total</i>		4	5	5	5	5	5	5	5	5
Total number of households	5	8	10	10	10	10	10	10	10	10

Households receiving Free Basic Service	7								
Water (6 kilolitres per household per month)									
Sanitation (free minimum level service)									
Electricity/other energy (50kwh per household per month)									
Refuse (removed at least once a week)									
Cost of Free Basic Services provided (R'000)	8								
Water (6 kilolitres per household per month)		851	1 034	1 523	1 514	1 540	1 870	1 800	1 965
Sanitation (free sanitation service)		932	1 143	1 523	1 607	1 635	2 017	1 950	2 129
Electricity/other energy (50kwh per household per month)		583	583	5 602	6 330	1 182	1 532	1 500	1 638
Refuse (removed once a week)		625	784	1 142	1 100	1 119	1 393	1 350	1 474
Total cost of FBS provided (minimum social package)		2 992	3 543	9 790	10 551	5 476	6 812	6 600	7 206
Highest level of free service provided									
Property rates (R value threshold)		–	–	–	15 000	15 000	15 000	15 000	15 000
Water (kilolitres per household per month)		6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)		–	–	–	–	–	–	–	–
Sanitation (Rand per household per month)		85	102	115	121	121	121	133	140
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50
Refuse (average litres per week)		30	37	42	44	44	44	47	49
Revenue cost of free services provided (R'000)	9								
Property rates (R15 000 threshold rebate)									
Property rates (other exemptions, reductions and rebates)									
Water		851	1 034	1 523	1 514	1 540	1 870	1 800	1 965
Sanitation		932	1 143	1 523	1 607	1 635	2 017	1 950	2 129
Electricity/other energy		583	583	5 602	6 330	1 182	1 532	1 500	1 638
Refuse		625	784	1 142	1 100	1 119	1 393	1 350	1 474
Municipal Housing - rental rebates									
Housing - top structure subsidies									
Other	6								
Total revenue cost of free services provided (total social package)		2 992	3 543	9 790	10 551	5 476	6 812	6 600	7 206

3. OVERVIEWS OF ANNUAL BUDGET PROCESS

a. Budget Process Overview (including consultation process and outcomes)

In terms of Section 24 of the MFMA, Council must at least 30 days before the start of the financial year consider approval of the annual budget. Section 53, requires the mayor of a municipality to provide general political guidance over the budget process and the priorities that must guide the preparation of the budget. In addition, Chapter 2 of the Municipal Budget and Reporting Regulations, gazette on 17 April 2009, states that the mayor of a municipality must establish a budget steering committee to provide technical assistance to the mayor in discharging the responsibilities set out in section 53 of the Act.

Comments from the above process will be submitted to the Budget Steering Committee before Council considers the Budget for adoption in June 2010.

b. Process used to integrate the review of the IDP and preparation of the Budget

The Municipality's IDP is its principal strategic planning instrument, which guides and informs its ongoing planning, management and development actions. The IDP represents the Municipality's commitment to the exercise of its executive authority (except in cases where it is in conflict with national or provincial legislation, in which case such legislation prevails) and is effectively the local government's blueprint by which it strives to realize its vision for Siyathemba over the short-medium- and long term.

The municipality's visionary framework is rolled out into objectives, key performance indicators (KPI's) and targets for implementation. These are then broken into Service Delivery and Budget Implementation Plans (SDBIP's) that reflect the detailed projects. Each of these projects is allocated budgetary and other resources.

The IDP also informs the Municipality's performance management system, as the KPI's are monitored and must be reported on every quarter.

c. Schedule of Key Deadlines relation to budget process [MFMA s 21(1)(b)]

The IDP and Budget time schedule of the 2010/2011 budget cycle was approved by Council on 14 January 2010. The table below reflects the IDP and budget time schedule.

Special Council Meeting: 14 January 2010

Budget and IDP Key deadlines

By 30 November 2011	Revise the IDP Workshop with heads of department Ask inputs from the community
By 31 January 2012	Budget for salaries and wages Identify capital projects from the IDP
By 28 February 2012	Compile draft budget Set preliminary tariffs Review budget related policies Compile draft IDP Make cash flow projections Prepare and send Treasury questionnaires
By 31 March 2012	Table the draft budget Table the draft IDP
By 30 April 2012	Finalize the community participation process Consider Treasury and other input/ objections Finalize the PMS (Measurable Performance Objectives Compile the SDBIP
By 31 May 2012	Table the budget for adoption Table the SDBIP to be noted by council Adopt the budget Adopt the IDP Adopt amendments to budget related policies Mayor approved SDBIP
By 30 June 2012	All performance management contracts completed and signed Prepare and send Treasury questionnaires

Community participation

Through:

Advertisements in the local newsletter

Community meetings after council meetings in all three towns

Community budget meetings in all three towns

Ward committee meetings through the year

Open door policy

Table 11: IDP and Budget Time Schedule

4. OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH INTEGRATED DEVELOPMENT PLAN

a. The Vision of Siyathemba Municipality

The Municipality's long term vision and mission:

Vision

Siyathemba undertakes to improve the standard of living of its entire community by delivering visible and affordable services.

Mission

To be a developmental municipality, which has the interest of its communities at the centre of all its activities.

This will be done through:

- an optimal distribution of resources
- economic development through job creation and a poverty reduction strategies
- effective and efficient service delivery through optimal distribution and human resources development; and
- effective and efficient maintenance of equipment and buildings

b. The 5-Year IDP and Strategic Focus Areas

On 1 July 2007, the Municipality implemented a new five-year Integrated Development Plan (IDP) for the period July 2007 to June 2012 to inform and guide the current elected public representatives' in their term of office. The annually reviewed IDP outlines the intent of the Municipality in terms of the eight strategic focus areas, which it has agreed are required to overcome the challenges it is facing, achieve its vision, and implement its other strategic considerations.

These eight strategic focus areas form the framework of the five-year IDP and function as internal strategic levers to facilitate shared growth and development and enhance urban efficiency and institutional effectiveness. The way in which the Municipality's vision is supported by the eight strategic focus areas is shown in the figure below:

VISIONARY GOALS:

- a) A prosperous municipality
- b) Effective and equitable service delivery
- c) A well-governed and efficiently run administration

STRATEGIC FOCUS AREAS:

1. Shared economic growth and development
2. Sustainable urban infrastructure and services
3. Energy efficiency for a sustainable future
4. Public transport systems
5. Integrated human settlements
6. Safety and security
7. Health, social and community development
8. Good governance and regulatory reform

URBAN EFFICIENCY

INSTITUTIONAL EFFECTIVENESS

5. MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

a. Key financial indicators and ratios

Table 12: Performance Indicators (Support Table A8)

NC077 Siyathemba - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<u>Borrowing Management</u>											
Borrowing to Asset Ratio	Total Long-Term Borrowing/Total Assets	0.9%	0.9%	0.8%	0.0%	0.0%	0.0%	0.0%	0.4%	0.5%	0.5%
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	8.2%	8.0%	3.0%	0.1%	0.1%	0.1%	0.1%	0.9%	0.9%	0.8%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure exd. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>											
Debt to Equity	Loans, Creditors, Overdraft & Tax Provision/ Funds & Reserves	9.1%	11.3%	9.2%	9.2%	9.2%	9.2%	9.2%	7.8%	8.0%	8.1%
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	1.1	0.4	0.4	0.6	0.6	0.6	0.6	1.0	1.5	1.5
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.1	0.4	0.4	0.6	0.6	0.6	0.6	1.0	1.5	1.5
Liquidity Ratio	Monetary Assets/Current Liabilities	0.4	0.2	0.1	0.0	0.0	0.0	0.0	0.1	0.1	0.1
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		124.9%	149.9%	120.8%	120.8%	120.8%	120.8%	94.9%	78.5%	81.7%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	21.9%	6.4%	7.1%	12.3%	9.0%	9.0%	9.0%	11.2%	15.6%	14.4%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))										
<u>Funding of Provisions</u>											
Provisions not funded - %	Unfunded Provs./Total Provisions										
<u>Other Indicators</u>											
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	% Volume (units purchased and own source less units sold)/Total units purchased and own source										
Employee costs	Employee costs/(Total Revenue - capital revenue)	44.1%	45.0%	42.0%	43.0%	29.6%	29.6%	29.6%	33.2%	32.9%	32.6%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Finance charges & Depredation	FC&D/(Total Revenue - capital revenue)	5.4%	5.2%	1.0%	0.3%	0.2%	0.2%	0.2%	0.2%	0.3%	0.3%
<u>IDP regulation financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	14.0	13.5	41.2	35.1	35.1	35.1	22.7	27.4	30.0	33.3
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	35.4%	9.8%	11.2%	23.7%	20.8%	20.8%	20.8%	22.5%	31.3%	28.3%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	(1.0)	(1.2)	1.0	1.1	1.0	1.2	1.0	(0.6)	(2.1)	(3.4)

b. Measurable performance objectives and indicators

The Municipality's visionary framework is unpacked into objectives, Key Performance Indicators (KPIs) and targets for implementation. These are then broken up into Service Delivery and Budget Implementation Plans (SDBIPs) that reflect the detailed projects, which are then allocated a budget. This concept also includes the Municipality's performance management system, as the KPIs that are contained in the SDBIPs are monitored and reported on quarterly.

NC077 Siyathemba - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Vote 1 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Function 2 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Vote 2 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										

Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Function 2 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Vote 3 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Function 2 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
And so on for the rest of the Votes										

1. Include a measurable performance objective for each revenue source (within a relevant function) and each vote (MFMA s17(3)(b))
2. Include all Basic Services performance targets from 'Basic Service Delivery' to ensure Table SA7 represents all strategic responsibilities
3. Only include prior year comparative information for individual measures where relevant activity occurred in that year/s

NC077 Siyathemba - Entities measureable performance objectives

Description	Unit of measurement	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Entity 1 - (name of entity)										
<i>Insert measure/s description</i>										
Entity 2 - (name of entity)										
<i>Insert measure/s description</i>										
Entity 3 - (name of entity)										
<i>Insert measure/s description</i>										
And so on for the rest of the Entities										

1. Include a measurable performance objective as agreed with the parent municipality (MFMA s87(5)(d))
2. Only include prior year comparative information for individual measures where relevant activity occurred in that year/s

The municipality's measurable performance objectives as reflected in Support Table SA7 are attached as annexure 2.

6. OVERVIEW OF BUDGET-RELATED POLICIES

Revenue Framework

Section 18 of the MFMA states that the budget can only be funded by realistically anticipated revenue to be collected and cash-backed accumulated funds from previous years, not committed for other purposes.

In addition, NT Circular 42 stipulates that the budget is to be managed in a full accrual manner, reflecting a transparent budget and accounting system approach.

The MFMA requires the municipality to adopt and implement a tariff policy. Council has approved such policies for all major tariff-funded services provided by the municipality, which are attached as annexures to this document.

Council is required to adopt budgetary provisions based on realistic anticipated revenue for the budget year from each revenue source as per the requirement of the MFMA (Chapter 4, s17 (1)(a) & (3) (b)).

1. Revenue Related Policies

General Tariff Policy

The Municipal Systems Act requires Council to adopt a Tariff Policy. The general financial management functions covered in section 62 of the MFMA includes the implementation of a tariff policy. Specific legislation applicable to each service has been taken into consideration when determining this policy.

The General Tariff Policy and subsequent Water and Sanitation, Electricity and Waste Management Tariff Policies are attached as Annexure 8.

Credit Control and Debt Collection Policy

This Policy has been formulated in terms of section 96 (b) and 98 of the Local Government: Municipal Systems Act, 2000 and the Credit Control and Debt Collection By-Law.

The Policy also includes the Indigent Policy as per Annexure 9.

2. Budget related policies

The following budget related policies have been approved by Council, or have been reviewed / amended and / or are currently being reviewed / amended, in line with National Guidelines and Legislation.

Asset Management Policy

The objective of the Asset Management Policy is to prescribe the accounting and administrative policies and procedures relating to Property, Plant & Equipment (Fixed assets).

The Asset Control policy is attached as Annexure 10.

Virement Policy

The Virement Policy aims to empower senior managers with an efficient financial- and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and Siyathemba's system of Delegations. While no limits were placed on the amount of the virement per se, certain limitations are placed in terms of the Municipality's System of Delegation. It furthermore provides for budgetary flexibility to be effected, per motivation and sundry technical and financial stipulations, within votes.

The virement policy is attached as Annexure 11.

Funding and Reserves Policy

The Funding and Reserves Policy is currently being finalized and an initial draft version is attached as Annexure 12.

7. OVERVIEW OF BUDGET ASSUMPTIONS

The MTREF model, which enables economic forecasts and the eventual medium term fiscal framework, was compiled under harsh external economic conditions. Budgetary constraints and economic challenges meant that the Municipality had to apply a combination of cost-saving interventions and higher than headline CPI revenue increases to ensure an affordable, credible and sustainable budget over the 2010/2011 MTREF.

The biggest challenge this year more so than previous years, is that the Municipality needs to do more within its existing resource envelope. This was reiterated in the NT Budget Circular 51 for the 2010/2011 MTREF.

The Municipality faced the following challenges in preparing the 2010/2011 MTREF:

1. Lower interest earnings due to lower investment balances and lower interest rates on interest earned. Lower interest rates resulted in reduced interest earning on investments (lower than projected interest rate levels and cash balances versus fixed debt servicing obligations.)

The above reductions were applied in a differentiated manner to services, thereby giving effect to the Budget Prioritisation Model and in acknowledgement of the relative contributions of services to Council's core strategies of the IDP and other informants to formulating medium term operations and programmes.

The Budget Steering Committee further placed particular emphasis on the following aspects to influence the outcome of the financial/MTREF scenario's presented to it:

- Further specific considerations to inform budgetary amendments or allocations were (factors to impact positively on budget allocations):
 - Services which promote external service delivery;
 - Services responsible for improvement to citizens' quality of living environment;
 - Services responsible for hard infrastructure – based economic growth;
 - Services responsible for revenue collection.

Financial modeling

In addition to the above, further principles applied to the MTREF in determining the affordability envelope included:

- Higher than headline CPI revenue increases to the extent that they affect and support council's operational activities of relevant services.
- A 100% capital expenditure implementation rate was assumed, based on current spending patterns.
- Credible collection rates, based on collection achievements to date, incorporating improved success anticipated on selected revenue items.

Key Financial Indicators in the MTREF

Headline Consumer Price Index (CPI) – Inflation Outlook

Headline CPI projected over the MTREF is an average of CPI forecasts from various financial Institutions and the Bureau of Economic Research (BER).

The CPI increase for 2009/2010 budget was set at 6%; therefore tariffs were adjusted with the same percentage. CPI projection over the 2010 MTREF is 5.6% for 2010/2011 and 5.8% for the two outer years, thereby remaining within the boundaries of the inflation target range of 3% - 6%, but below the National Treasury's forecasted CPI of 5.7%, 6.2% and 5.9% for 2010/2011, 2011/2012 and 2012/2013 respectively.

EXPENDITURE FRAMEWORK

Salaries, wages and related staff costs

The promulgation of the Salary and Wage Collective Agreement by the South African Local Government Bargaining Council (SALGGC) provided the general salary adjustment guidelines for the period 2009/2010 to 2011/2012. In 2009/2010 a salary increase of 13% (10.5% increase + 2.5% non-pensionable allowance) was affected as per the regulation. The average salary increase over the MTREF was calculated using the methodology as prescribed in the regulation. The salary increase for 2010/2011 was based on the average CPI for the period 1 February 2009 to 31 January 2010, projected figures were used for the months where CPI figures was not yet available, plus 1.5%. the average percentage increase for 2011/2012 was calculated on the same bases except that 2% was added to the average projected CPI figures. In the absence of a formal agreement for 2012/2013 the same methodology was applied as for 2011/2012.

General expenses

Items within the general expenses category were increased in proportion to the projected CPI increases over the MTREF.

Repairs and maintenance

The national Treasury Municipal Budget Circular 51 for the 2010/2011 MTREF stated, amongst other, that municipalities must "secure the health of their asset base (especially the municipality's revenue generating assets) by increasing spending on repairs and maintenance". The Siyathemba Municipality has identified this as an important budget requirement and has over the last three financial years consistently increased the investment in repairs and maintenance above CPI.

REVENUE FRAMEWORK

Service Growth

The current unstable economic climate prohibited prospects for any major service growth. Electricity service growth remained stagnant at 0% over the 2011 MTREF, which resulted from energy saving plans.

Revenue growth parameters: Rates and trading services

To ensure an effective, efficient and well-run town, tariff increases are inevitable. The individual tariff increase proposals will be considered against the backdrop of the overall 'package of tariffs' approach adopted in compiling and evaluating the affordability of the tariffs and charges that make up the total municipal account.

The current financial predicament further impacted on the combination of revenue parameter increases required to ensure an affordable, balanced and sustainable budget over the 2010/2011 MTREF. After considering various scenario outcomes, the following revenue parameter increases were factored into the MTREF model for 2010/2011:

- *Rates:* With the backdrop of the current economic climate and other cost pressures negatively impacting the budget, the rates revenue was increased and the implementation of property rates for farmers. The implementation, although delayed last year, will be implemented fully for the next 3 financial years.
- *Electricity:* The initial Electricity revenue parameter was based on the draft Eskom Multi Year Price Determination (MYPD) that proposed an annual 35% increase over the period 2010/2011 – 2012/2013. To ensure affordability to the Siyathemba Municipality customers the municipality's parameter increase were set at 29%, 6% lower than the Eskom proposed increase. As a consequence the utility will not be able to fund all infrastructure needs in 2010/2011 and a number of projects will therefore be postponed to future years.
Subsequent to the approval of the MTREF parameters by Mayco. The Electricity service's revenue estimations were amended based on the NERSA statement on Eskom's proposed tariff increases; i.e. 24.8%, 25.1% and 25.9% for the financial years respectively. The Municipality subsequently amended its revenue parameter to 24.6% for 2010/2011.
- *Refuse Removal:* This revenue parameter increase was modeled at 9.7%; the increase is as a result of the impact of the higher disposal tariff and to ensure adequate service delivery levels in future.
- *Water and Sanitation:* The revenue parameter adjustment for both water and sanitation was modeled at 9.7% for 2010/2011. Even though the revenue parameter increase is higher than CPI, the Siyathemba Municipality had to increase these tariffs to justify/break even with the tariff imposed by Eskom.

Collection rate

In accordance with relevant legislation and national directives, the Siyathemba Municipality's projected revenue recovery rates are based on realistic and sustainable trends. The municipality is in the process of appointing debt collectors to ensure that old debt is recovered, thereby increasing revenue.

National Grants

Equitable Share

The Constitution provides that each sphere of government is entitled to an equitable share of revenue raised nationally to enable it to provide basic services and perform the functions allocated to it. The equitable division of revenue takes into account the functions assigned to each sphere under the Constitution and the capacity of each government to pay for these functions through own receipts and revenues.

The local government equitable share allocations supplement municipalities' own revenue sources for the provision of basic services to poor households within their areas of jurisdiction. The equitable share per municipality is calculated using the equation as set out below.

Grant = BS + D + I – R +/- C
Where
BS is the basic services component
D is the development component
I is the institutional support component
R is the revenue raising capacity correction
C is a correction and stabilization factor

Table 1: Equitable Share Equation

Initiatives are currently being pursued to assess the application of the equation for the Siyathemba Municipality to ensure that the allocation received by the Municipality is equitable and fair. The annual Division of Revenue Act (DORA) publishes the equitable share allocations. The following indicative allocations, as published in the 2010/2011 Division of Revenue Bill, were modeled:

2010/2011 – R25 637 000

2011/2012 – R28 477 000

2012/2013 – R32 099 000

Depreciation

Depreciation on new capital expenditure is calculated at a varying rate ranging between 9 and 20 years, depending on the nature of the asset. Actual depreciation was modeled on existing assets. An annual capital expenditure implementation rate of 100% was factored into the model.

Capital expenditure (External Financing Fund/EFF component)

During the 2009/2010 financial year the following projects were undertaken with regards to the capital budget.

Road Transport – R4 329 000

High mast lighting – R2 058 000

For the 2010/2011 financial year, Council intends to spend an amount of R7 156 000 on the Capital Budget.

Planning and development – R2 594 000

Water Reticulation – R2 350 000

Waste Water – R2 212 000

A deficit of R130 000 on the MIG Funds were experienced, therefore it will be funded from Internally Generated Funds.

Capital Investment: Consequential operating impact

Council is in the process to look into an Capital Investment Programme. It is therefore assumed that these will be catered for via efficiency gains and the prioritization of existing operational resources.

Major parameters

The following table summarises the major parameters applied to the MTREF modeling, which informed the detailed compilation of the Municipality's 2010/2011 – 2012/2013 budgets:

	2010/2011	2011/2012	2012/2013
	%	%	%
CPI	5.7	6.2	5.9
COLLECTION RATES			
Rates – Residential and Other	5.7		
Rates – Farms/Plots	-90.80		
Electricity	26.2		
Water	9.7		
Sanitation	9.7		
Refuse Removal	5.7		

Table 17: Summary of mayor parameters

8. OVERVIEW OF BUDGET FUNDING

Fiscal Overview

1. 2009/2010 and 2010/2011 to 2012/2013 projected financial performance

1.1 Operating Budget

The operating budget increased from R43 910 thousand in 2009/2010 to R 47 710 thousand in 2010/2011,

R53 610 thousand in 2011/2012 and R53 610 thousand in 2012/2013 respectively. The growth is mainly attributable to:

- Repairs and Maintenance (Primary) of Infrastructure
- Operating Costs for the Integrated Rapid Transport (i.e. an additional Town function)
- Indigent Relief – additional allocations on free basic services to the Informal Settlement areas
- Higher than inflation increases to major expenditure components, such as the staff budget (salary level increases) and a rising interest payable commitment.
- Increase in Government Grants and Subsidies.

1.2 Capital Budget

The capital budget increased from R 6 387 thousand in 2009/2010 to R 7 156 thousand in 2010/2011.

The Draft 2010/2011 3-year capital budget is based on the cash availability in accordance with the DMTN Programme. Siyathemba Municipality will fund R130 000 from Internally Generated Funds for the 2010/2011 financial year towards the Capital Budget.

2. Medium Term Outlook: 2010/2011 to 2011/2012

Operating Budget

The ensuing table reflects the increases in the operating budget in the medium term:

	2010/2011 R'000	2011/2012 R'000	2012/2013 R'000
Operating Budget	R47 710	R53 610	R53 610

Table 18: Medium Term Operating Budget

Capital Budget

The ensuing table reflects the capital budget as well as the funding sources in the medium term:

	2010/2011 R'000	2011/2012 R'000	2012/2013 R'000
Capital Budget	7 156	8 450	10 275
Funded as follows:			
National Grant Funding	7 026	8 450	10 275
Provincial Grant Funding			
Other Grant Funding			
Borrowings			
Other Municipality Funding	130		

Table 19: Medium Term Capital Budget and Funding Sources

The funding sources listed below are appropriated towards the following major projects on the capital budget:

National Grant funded

- Planning and Development – Cemeteries
- Water – Water Reticulation

- Waste Water – Refuse Site

3. Sources of funding

Rates, tariffs and other charges

Property Tax Rates

The proposed property rates are to be levied in accordance with existing Council policies unless otherwise indicated and both the Local Government Municipal Property Rates Act 2004 (MPRA) and the Local Government Municipal Finance Management Act 2003.

A Draft Rates Policy was reviewed by the Budget Steering Committee during May and June 2010.

This Committee was established to inter alia; oversee the Total Municipal Account Modeling process, whereby the impact of all Council charges on a household is assessed for affordability. The proposed average rates increase is 5.7% for residential and other.

Farms/Plots decreased by 90.80%. This tariff was negotiated by representatives of both Agri-Prieska and Siyathemba Municipality.

Property tax rates are based on values indicated in the General Valuation Roll 2009/2010 (GV). The Roll is updated for properties affected by land sub-divisions, alterations to buildings, demolitions and new buildings (improvements) through supplemental Valuation Rolls. All values are as at the date of the GV, being July 2009 – 30 June 2010.

Rebates and concessions are granted to certain categories of property usage and/or property owner. The definitions and listing of categories are reflected in the Draft Rates Policy attached as Annexure 7.

Water and Sanitation

The proposed Water and Sanitation Tariffs for 2010/2011 are consistent with National Policy on the provision of free basic services, the National Strategic Framework for Water and Sanitation and with Council's Indigent relief measures, Rates and Tariff Policies and Equitable Service Framework. The tariff increases are necessary to address essential operational requirements, maintenance of existing infrastructure, new infrastructure provision and to ensure the financial sustainability of the service. The multi-year programme for the eradication of bucket toilets (150) still in service in the informal settlements as well as the provision of an acceptable basic level of sanitation service to these settlements is still on track for achieving by 2013/2014.

The progressive nature of the existing domestic stepped tariff structure both for water and sanitation is pro-poor and allows for the needs of the indigent.

In total the proposed Tariffs and Rates are cost-reflective and will provide the income to cover the costs of Water and Sanitation during the 2010/2011 financial year.

The consumptive tariff details are reflected in Annexure 5.

Electricity

The proposed revisions to the tariffs have been formulated in accordance with the Municipality of Siyathemba Tariff and Rates Policy and comply with Section 74 of the Municipal Systems Act (MSA) as well as the recommendations of the National Energy Regulator of South Africa (NERSA).

The Electricity Regulation Act requires that proposed revisions to the electricity consumption based tariffs be submitted to the Regulator for approval prior to implementation. Provisional approval will therefore be requested with the express proviso that any alterations required by Council will be submitted to the Regulator as soon as possible.

Guidelines for the municipal electricity tariff increase were used as stipulated in Circular 51 issued by National Treasury.

Solid Waste Management

The Solid Waste Tariffs are levied to recover costs of services provided directly to customers and include collection fees, disposal fees, compost sales, clearance of illegal dumping on private properties and other ad hoc services. It is proposed that the Collections Tariffs (Consumptive and Sundry) increase by 5.70%.

In addition, the following New/Changed Tariffs and amendments to the existing Tariff Policy are proposed:

Tariffs List/and Other Charges

Council is permitted to levy rates, tariffs, fees and charges in accordance with the Local Government Municipal Property Rates Act, the Local Government: Municipal Systems Act, Act 32 of 2000, Section 75A and the Municipal Finance management Act, No. 56 of 2003, 17 (a)(ii).

The Tariff List is attached as Annexure 6 and contains all levies, rates and service charges determined for all functions or services performed by the municipality for which a charge is made.

A growth parameter of 5.7% was applied to all the miscellaneous tariffs. Any substantial deviations were motivated in the reports to the tariff schedules as considered by Budget Steering Committee.

All Levies, Rates and Service Charges are determined in compliance with:

Local Government Municipal Property Rates Act 2004

Municipal Finance Management Act 56 of 2003

Local Government Municipal Systems Act 32 of 2000

4. Investments

Monetary investments by type

NC077 Siyathemba - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousand										
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank		2 281	2 517	–	1	1	1	500	500	500
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	2 281	2 517	–	1	1	1	500	500	500
Entities										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										

Entities sub-total		-	-	-	-	-	-	-	-	-
Consolidated total:		2 281	2 517	-	1	1	1	500	500	500

References

1. Total investments must reconcile to Budgeted Financial Position ('current' call investment deposits plus 'non-current' investments)

Table 20: Monetary investments by type (Support Table A15)

Monetary investments by maturity date

NC077 Siyathemba - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity	Ref	Period of Investment	Type of Investment	Expiry date of investment	Monetary value	Interest to be realised
Name of institution & investment ID	1	Yrs/Months			Rand thousand	
Parent municipality						
Municipality sub-total					-	-
Entities						
Entities sub-total					-	-
TOTAL INVESTMENTS AND INTEREST	1				-	-

References
1. Total investments must reconcile to all items in Table SA15 for the Current Year (30 June)
2. List investments in expiry date order

check

(250,000)

Table21: Monetary investments by maturity date (Support Table A16)

5. Long – Term investments and loans

The budget assumes the following new long-term borrowings:

YEAR	EXPECTED DATE OF ISSUE	AMOUNT
2009/2010		
2010/2011		
2011/2012		
2012/2013		

6. Cash backed accumulated surplus

Council is in the process to look into cash backed accumulated surpluses/reserves.

7. Grant allocations

National Allocations

The table below reflects the grant allocations in terms of the 2010 Division of Revenue Bill that have been included in this medium term budget:

	2010/2011	2011/2012	2012/2013
Library development	R 50 000.00	R 61 000.00	R 66 000.00
Library transformation	R 290 000.00	R 310 000.00	R 310 000.00
Total	R 340 000.00	R 371 000.00	R 376 000.00

	2010/2011	2011/2012	2012/2013
Library usage promotional programme	R 3 000.00	R 4 000.00	R 4 000.00
Library current awareness service	R 7 000.00	R 10 000.00	R 10 000.00
Total	R 10 000.00	R 14 000.00	R 14 000.00

Overall Total	R 350 000.00	R 385 000.00	R 390 000.00
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	2010/2011	2011/2012	2012/2013
Equitable share	R 14 918 000.00	R 16 846 000.00	R 18 551 000.00
Total	R 14 918 000.00	R 16 846 000.00	R 18 551 000.00

	2010/2011	2011/2012	2012/2013
Special contribution towards Councillor Remuneration	R 523 000.00	R 556 000.00	R 583 000.00
Total	R 523 000.00	R 556 000.00	R 583 000.00

Overall Total	R	15 441 000.00	R	17 402 000.00	R	19 134 000.00
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	2010/2011	2011/2012	2012/2013
MIG	R 7 026 000.00	R 8 450 000.00	R 10 275 000.00
Total	R 7 026 000.00	R 8 450 000.00	R 10 275 000.00

	2010/2011	2011/2012	2012/2013
EPWP	R 870 000.00	R -	R -
Total	R 870 000.00	R -	R -

	2010/2011	2011/2012	2012/2013
FMG	R 1 200 000.00	R 1 450 000.00	R 1 500 000.00
Total	R 1 200 000.00	R 1 450 000.00	R 1 500 000.00

	2010/2011	2011/2012	2012/2013
MSIG	R 750 000.00	R 790 000.00	R 800 000.00
Total	R 750 000.00	R 790 000.00	R 800 000.00

Overall Totals	R	25 637 000.00	R	28 477 000.00	R	32 099 000.00
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Table 23: National Allocations

9. EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES

NC077 Siyathemba - Supporting Table SA19 Expenditure on transfers and grant programme

Description R thousand	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
EXPENDITURE:	1									
<u>Operating expenditure of Transfers and Grants</u>										
National Government:		6,940	8,776	10,487	12,606	12,606	12,606	18,261	19,642	21,434
Equitable share		6,440	7,542	9,253	11,006	11,006	11,006	15,441	17,402	19,134
Finance Management		500	500	500	750	750	750	1,200	1,450	1,500
Municipal Systems Improvement		-	734	734	850	850	850	750	790	800
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
EPWP		-	-	-	-	-	-	870	-	-
		-	-	-	-	-	-	-	-	-
Provincial Government:		-	296	335	361	507	507	350	385	390
Sports and Recreation		-	296	335	361	507	507	350	385	390
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants:		6,940	9,072	10,822	12,967	13,113	13,113	18,611	20,027	21,824
<u>Capital expenditure of Transfers and Grants</u>										
National Government:		3,571	8,120	3,673	6,387	6,387	6,387	7,026	8,450	10,275
Municipal Infrastructure (MIC)		3,571	8,120	3,673	6,387	6,387	6,387	7,026	8,450	10,275
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other capital transfers/grants <i>[insert desc]</i>		-	-	-	-	-	-	-	-	-

Provincial Government:		-	-	750	-	-	-	-	-	-
Other capital transfers/grants [insert description]		-	-	750	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		3,571	8,120	4,423	6,387	6,387	6,387	7,026	8,450	10,275
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		10,511	17,192	15,245	19,354	19,500	19,500	25,637	28,477	32,099

References

1. Expenditure must be separately listed for each transfer or grant received or recognised

Table 25: Expenditure on Allocations and grant programmes(Support Table A19)

10. ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY

Siyathemba Municipality does not make allocations and grants to other institutions.

11. MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

NC077 Siyathemba - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS R thousand	Budget Year 2010/11												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Cash Receipts By Source													1		
Property rates	9,592	-	-	-	-	-	-	-	-	-	-	-	9,592	12,876	12,876
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	533	533	533	533	533	533	533	533	533	533	533	533	6,395	6,447	6,447
Service charges - water revenue	459	459	459	459	459	459	459	459	459	459	459	459	5,502	5,613	5,613
Service charges - sanitation revenue	342	342	342	342	342	342	342	342	342	342	342	342	4,105	4,345	4,345
Service charges - refuse revenue	146	146	146	146	146	146	146	146	146	146	146	146	1,750	2,000	2,000
Service charges - other	23	23	23	23	23	23	23	23	23	23	23	23	277	305	305
Rental of facilities and equipment	49	49	49	49	49	49	49	49	49	49	49	49	584	626	626
Interest earned - external investments	5	5	5	5	5	5	5	5	5	5	5	5	65	75	75
Interest earned - outstanding debtors	52	52	52	52	52	52	52	52	52	52	52	52	625	650	650
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	41	41	41	41	41	41	41	41	41	41	41	41	497	622	622
Licences and permits	1	1	1	1	1	1	1	1	1	1	1	1	15	18	18
Agency services	82	82	82	82	82	82	82	82	82	82	82	82	986	1,021	1,021
Transfer receipts - operational	-	-	-	-	-	-	-	-	-	-	-	16,881	16,881	18,540	18,540
Other revenue	36	36	36	36	36	36	36	36	36	36	36	36	436	473	473
Cash Receipts by Source	11,362	1,770	1,770	1,770	1,770	1,770	1,770	1,770	1,770	1,770	1,770	18,651	47,710	53,611	53,611
Other Cash Flows by Source															
Transfer receipts - capital	1,500	2,000			2,500				1,026			(7,026)			
Contributions recognised - capital & Contributed assets												-			
Proceeds on disposal of PPE												-			
Short term loans												-			
Borrowing long term/refinancing			3,500									(3,500)			
Increase (decrease) in consumer deposits												-			
Decrease (increase) in non-current debtors												-			
Decrease (increase) other non-current receivables												-			
Decrease (increase) in non-current investments												-			
Total Cash Receipts by Source	12,862	3,770	5,270	1,770	4,270	1,770	1,770	1,770	2,796	1,770	1,770	8,125	47,710	53,611	53,611
Cash Payments by Type															
Employee related costs	1,653	1,653	1,653	1,653	1,653	1,653	1,653	1,653	1,653	1,653	1,653	1,653	19,838	20,686	20,686

Remuneration of councillors	94	94	94	94	94	94	94	94	94	94	94	94	1,131	1,260	1,260
Collection costs	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Interest paid	22	22	22	22	22	22	22	22	22	22	22	(238)	–	–	–
Bulk purchases - Electricity	398	398	398	398	398	398	398	398	398	398	398	398	4,779	5,203	5,203
Bulk purchases - Water & Sewer	17	17	17	17	17	17	17	17	17	17	17	17	200	200	200
Other materials	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Contracted services	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Grants and subsidies paid - other municipalities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Grants and subsidies paid - other	605	605	605	605	605	605	605	605	605	605	605	605	7,265	8,184	8,184
General expenses	1,196	1,196	1,196	1,196	1,196	1,196	1,196	1,196	1,196	1,196	1,196	1,346	14,497	18,076	18,076
Cash Payments by Type	3,985	3,985	3,985	3,985	3,985	3,985	3,985	3,985	3,985	3,985	3,985	3,875	47,710	53,609	53,609
Other Cash Flows/Payments by Type															
Capital assets												–			
Repayment of borrowing	54	54	54	54	54	54	54	54	54	54	54	(596)			
Other Cash Flows/Payments												–			
Total Cash Payments by Type	4,039	4,039	4,039	4,039	4,039	4,039	4,039	4,039	4,039	4,039	4,039	3,279	47,710	53,609	53,609
NET INCREASE/(DECREASE) IN CASH HELD	8,823	(269)	1,231	(2,269)	231	(2,269)	(2,269)	(2,269)	(2,269)	(1,243)	(2,269)	(2,269)	4,846	0	2
Cash/cash equivalents at the month/year begin:		8,823	8,553	9,784	7,514	7,745	5,476	3,206	937	(307)	(2,576)	(4,846)	–	0	3
Cash/cash equivalents at the month/year end:	8,823	8,553	9,784	7,514	7,745	5,476	3,206	937	(307)	(2,576)	(4,846)	0	0	3	5

References

1. Note that this section of Table SA 30 is deliberately not linked to Table A4 because timing differences between the invoicing of clients and receiving the cash means that the cashflow will differ from budgeted revenue, and similarly for budgeted expenditure.

3,985	3,985	3,985	3,985	3,985	3,985	3,985	3,985	3,985	3,985	3,875	47,710	53,609	53,609
(2,269)	231	(2,269)	(2,269)	(2,269)	(2,269)	(1,243)	(2,269)	(2,269)	(2,269)	4,846		3	2

Table 26: Monthly targets for revenue and cash flow (Support table A30)

12. COUNCILLOR AND BOARD MEMBER ALLOWANCES AND EMPLOYEE BENEFITS

NC077 Siyathemba - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No. 10	Salary	Contrib.	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.			2.	3.
Councillors	4							
Speaker	5							-
Chief Whip								-
Executive Mayor		1	315,537		114,938			430,475
Deputy Executive Mayor								-
Executive Committee								-
Total for all other councillors		6	879,876		347,501			1,227,377
Total Councillors	9	7	1,195,413	-	462,439			1,657,852
Senior Managers of the Municipality	6							
Municipal Manager (MM)			484,908		335,719			820,627
Chief Finance Officer			375,000		154,708			529,708
Deputy City Manager - Governance								-
Deputy City Manager - Procurement & Infrastructure			302,328		236,416			538,744
Deputy City Manager - Health, Safety & Social Issues								-
Deputy City Manager - Corporate & Human Resources								-
List of each official with packages >= senior manager								
Head: Internal Audit & Performance Management								-
Head: Geographical Information & Policy								-
Head Office of Intergovernmental & Governance Relations								-
Total Senior Managers of the Municipality	9	-	1,162,236	-	726,843	-	-	1,889,079
A Heading for Each Entity	7, 8							
List each member of board by designation								
Chief Executive Officer (CEO)								-
								-
Total for municipal entities	9	-	-	-	-	-	-	-
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION		7	2,357,649	-	1,189,282	-	-	3,546,932

References

1. Pension and medical aid
2. If benefits in kind are provided (e.g. provision of living quarters) the full market value must be shown as the cost to the municipality
3. Total package must equal the total cost to the municipality
4. List each political office bearer by designation. Provide a total for all other councillors
5. Political office bearer is defined in MFMA s 1: speaker, executive mayor, deputy executive mayor, member of executive committee, mayor, deputy mayor, member of mayoral committee, the councillor designated to exercise powers and duties of mayor (MISA s 57)
6. Also list each senior manager reporting to MM by designation and each official with package >= senior manager by designation
7. List each entity where municipality has an interest and state percentage ownership and control
8. List each senior manager reporting to the CEO of an Entity by designation
9. Must reconcile to relevant section of Table A24
10. Must reconcile to totals shown for the budget year of Table A22

Table 27: Salaries, allowances & benefits (political office bearers/councilors/senior managers)(Supprt Table A23)

NC077 Siyathemba - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousand										
<u>Councillors (Political Office Bearers plus Other)</u>	1	A	B	C	D	E	F	G	H	I
Salary		486	539	737	1,112	1,112	1,112	1,195	1,279	1,369
Pension Contributions										
Medical Aid Contributions										
Motor vehicle allowance		141	207	246	371	371	371	371	371	371
Cell phone allowance		72	72	86	92	92	92	92	92	92
Housing allowance										
Other benefits or allowances										
In-kind benefits										
Sub Total - Councillors		700	817	1,069	1,574	1,574	1,574	1,658	1,742	1,831
% increase	4		16.8%	30.7%	47.3%	-	-	5.3%	5.0%	5.1%
<u>Senior Managers of the Municipality</u>	2									

Salary		747	1,136	988	1,162	1,162	1,162	1,249	1,339	1,437
Pension Contributions		199	275	199	216	216	216			
Medical Aid Contributions		97	162	135	135	135	135			
Motor vehicle allowance		268	412	318	22	22	22	22	22	22
Cell phone allowance			9	9	9	9	9	9	9	9
Housing allowance		18	21	21	22	22	22	22	22	22
Performance Bonus										
Other benefits or allowances										
In-kind benefits										
Sub Total - Senior Managers of Municipality		1,329	2,014	1,669	1,566	1,566	1,566	1,303	1,392	1,490
% increase	4		51.6%	(17.1%)	(6.2%)	-	-	(16.8%)	6.9%	7.0%
Other Municipal Staff										
Basic Salaries and Wages										
Pension Contributions										
Medical Aid Contributions										
Motor vehicle allowance										
Cell phone allowance										
Housing allowance										
Overtime										
Performance Bonus										
Other benefits or allowances										
In-kind benefits										
Sub Total - Other Municipal Staff		-	-	-	-	-	-	-	-	-
% increase	4		-	-	-	-	-	-	-	-
Total Parent Municipality		2,028	2,832	2,738	3,140	3,140	3,140	2,961	3,134	3,322
			39.6%	(3.3%)	14.7%	-	-	(5.7%)	5.9%	6.0%
Board Members of Entities										
Salary										
Pension Contributions										
Medical Aid Contributions										
Motor vehicle allowance										
Cell phone allowances										
Housing allowance										
Board Fees										
Other benefits and allowances										
In-kind benefits										
Sub Total - Board Members of Entities		-	-	-	-	-	-	-	-	-
% increase	4		-	-	-	-	-	-	-	-

Senior Managers of Entities										
Salary										
Pension Contributions										
Medical Aid Contributions										
Motor vehicle allowance										
Cell phone allowances										
Housing allowance										
Performance Bonus										
Other benefits or allowances										
In-kind benefits										
Sub Total - Senior Managers of Entities		-	-	-	-	-	-	-	-	-
% increase	4		-	-	-	-	-	-	-	-
Other Staff of Entities										
Basic Salaries and Wages										
Pension Contributions										
Medical Aid Contributions										
Motor vehicle allowance										
Cell phone allowances										
Housing allowance										
Overtime										
Performance Bonus										
Other benefits or allowances										
In-kind benefits										
Sub Total - Other Staff of Entities		-	-	-	-	-	-	-	-	-
% increase	4		-	-	-	-	-	-	-	-
Total Municipal Entities		-	-	-	-	-	-	-	-	-
TOTAL SALARY, ALLOWANCES & BENEFITS		2,028	2,832	2,738	3,140	3,140	3,140	2,961	3,134	3,322
% increase	4		39.6%	(3.3%)	14.7%	-	-	(5.7%)	5.9%	6.0%
TOTAL MANAGERS AND STAFF	5	1,329	2,014	1,669	1,566	1,566	1,566	1,303	1,392	1,490

References

1. Include 'Loans and advances' where applicable if any reportable amounts until phased compliance with s164 of MFMA achieved

2. s57 of the Systems Act

3. If benefits in kind are provided (e.g. provision of living quarters) the full market value must be shown as the cost to the municipality

4. B/A, C/B, D/C, E/C, F/C, G/D, H/D, I/D

5. Must agree to the sub-total appearing on Table A1 (Employee costs)

Column Definitions:

A, B and C: Audited actual as per the audited financial statements. If audited amounts are

unavailable, unaudited amounts must be provided with a note stating these are unaudited
D. The original budget approved by council for the budget year.
E. The budget for the budget year as adjusted by council resolution in terms of section 28 of the MFMA.
F. An estimate of final actual amounts (pre audit) for the current year at the point in time of preparing the budget for the budget year. This may differ from E.
G. The amount to be appropriated for the budget year.
H and I. The indicative projection

Table 28: Councillor and board member allowances and employee benefits (Support Table A22)

13. ANNUAL BUDGETS AND SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLANS – INTERNAL DEPARTMENTS

In terms of Section 53 (1) (c) (ii) of the MFMA, the Service Delivery and Budget Implementation Plan (SDBIP) is defined as a detailed plan approved by the mayor of a municipality for implementing the municipality's delivery of municipal services and its annual budget, and which must indicate the following –

- (a) Projections for each month of
 - Revenue to be collected, by source; and
 - Operational and capital expenditure, by vote.
- (b) Service delivery targets and performance indicators for each quarter, and
- (c) Other matters prescribed.

The Executive Mayor, in accordance with Section 53 of the MFMA, is expected to approve the SDBIP within 28 days after the approval of the budget. In addition, the Executive Mayor must ensure that the revenue and expenditure projections for each month and the service delivery targets and performance indicators as set out in the SDBIP are made public within 14 days after its approval.

The SDBIP gives effect to the Integrated Development Plan and the budget of the municipality. It is an expression of the objectives of the Municipality in quantifiable outcomes which will be implemented by the administration for the financial period from 1 July 2010 to 30 June 2011 (the Municipality's financial year). It includes the service delivery targets and performance indicators for each quarter which should be linked to the performance agreements of senior management. It therefore facilitates oversight over financial and non-financial performance of the municipality and allows the Municipal Manager to monitor the performance of the Executive Directors, the Mayor/Council to monitor the performance of the Municipal manager, and the Community to monitor the performance of the Municipality Government.

The SDBIP for the 2010/2011 financial year will be approved by the Executive Mayor on the 30th of June 2010 following approval of the Budget.

14. CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

NC077 Siyathemba - Supporting Table SA33 Contracts having future budgetary implications

Description	Ref	Preceding Years	Current Year 2009/10	2010/11 Medium Term Revenue & Expenditure Framework			Forecast 2013/14	Forecast 2014/15	Forecast 2015/16	Forecast 2016/17	Forecast 2017/18	Forecast 2018/19	Forecast 2019/20	Total Contract Value
		Total	Original Budget	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
R thousand	1,3													
Parent Municipality:														
Revenue Obligation By Contract	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Operating Revenue Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Expenditure Obligation By Contract	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Operating Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditure Obligation By Contract	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Capital Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Parent Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
-														
Entities:														
Revenue Obligation By Contract	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Operating Revenue Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Expenditure Obligation By Contract	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Operating Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditure Obligation By Contract	2													

Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Capital Expenditure Implication	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Entity Expenditure Implication	-	-	-	-	-	-	-	-	-	-	-	-	-	-

References

1. Total implication for all preceding years to be summed and total stated in 'Preceding Years' column
2. List all contracts with future financial obligations beyond the three years covered by the MTREF (MFMA s33)

3. For municipalities with approved total revenue not exceeding R250 m - all contracts with an annual cost greater than R500 000. For municipalities with approved total revenue greater than R250 m - all contracts with an annual cost greater than R1million. For municipalities with approved total revenue greater than R500 m - all contracts with an annual cost greater than R5 million

Table 29: Contracts having future budgetary implications (Support Table A33)

15. ANNUAL BUDGETS AND SERVICE DELIVERY AGREEMENTS (SDA) – MUNICIPAL ENTITIES

None.

16. RECONCILIATION OF IDP STRATEGIC OBJECTIVES AND CAPITAL BUDGET

NC077 Siyathemba - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousand												
Basic delivery	Waste Management	A		-	-	-	-	-	-	2,212	4,225	5,138
Basic delivery	Planning and development	B		-	-	-	-	-	-	2,594		
Basic delivery	Housing	C		-	1,806							
Basic delivery	Sport and recreation	D		-	2,873							
Basic delivery	Waste Water Management	E		-	3,441	2,300						
Basic delivery	Road transport	F		-	-	1,373	6,387	4,329	4,329		4,225	5,138
Basic delivery	Electricity	G		-	-	-	-	2,058	2,058			
Basic delivery	Water	H		-	-	-	-	-	-	2,350		

		I										
		J										
		K										
		L										
		M										
		N										
		O										
		P										
		Q										
			1	-	8,120	3,673	6,387	6,387	6,387	7,156	8,450	10,276

References
1. Total capital expenditure must reconcile to Budgeted Capital Expenditure
2. Goal code must be used on Table A36

check capital balance	-	0	-	-	-	-	(0)	-	1
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Table 34: Reconciliation of IDP strategic objectives and budget (capital expenditure) (Support Table A6)

17. LEGISLATION COMPLIANCE STATUS

1. Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

- **Budget and Treasury Office**
A budget office and Treasury office has been established in accordance with the MFMA.
- **Budgeting**
The annual budget is prepared in accordance with the requirements prescribed by National Treasury and the MFMA.
- **Financial Reporting**
100% compliance with regards to monthly, quarterly and annual reporting to the Executive Mayor, Mayoral Committee, Council, Provincial and National Treasury.
- **Annual Report**
The annual report is prepared in accordance with the MFMA and National Treasury requirements.
- **Municipal Entities**
No municipal entities.
- **Internship Programme**
Siyathemba is participating in the Municipal Financial Management Internship Programme and has employed three interns undergoing training in various finance departments, however one intern passed away at the end of March 2010. Therefore only two interns are employed. An advertisement has been placed for the remaining three. The interviews are due in July 2010.

18. NATIONAL TREASURY DIRECTIVES

Key issues addressed in National Treasury Circular 51: Municipal Budget Circular for the 2010 MTREF – refer Annexure 21

1. Municipalities' role in employment creation

Underemployment, precarious employment (in the informal sector) and unemployment will continue to grow, putting further pressure on wage levels that are under stress, given cost of living increases and inflation generally. Hence, the percentage of the population living in poverty will continue to increase faster than the population finding employment at a living wage.

A major challenge has been to facilitate and encourage semi and unskilled labour absorptive growth. Expanded Public Works Programme (EPWP):

The creation of short term job opportunities through the EPWP is identified as one of the top 20 Strategic Priorities (indicator 1A.4) in the Siyathemba Municipality's Integrated Development Plan (IDP).

A corporate job opportunity target is set for the medium term cycle and revised annually. This target is proportionately distributed through implementing line departments to ensure service delivery and capital projects create EPWP jobs wherever appropriate.

The annual targets for the current medium term cycle are as follows:

- 2009/2010 : None
- 2010/2011 : 100 EPWP Job Opportunities
- 2011/2012 : None

The maximization of labour intensive methods is driven through the SCM processes within the Municipality. Job creation targets are specified in tender documents where possible to regulate the use of temporary labour.

2. Procurement reforms and fighting corruption

Corruption

Siyathemba has a centralized procurement department which operates in accordance its Supply Chain Management (SCM) policies. With regard to the procurement of goods and services up to a value of R 200 000, the buyers are placed in commodities and are rotated on an annual basis.

Compliance

The Municipality's SCM policy is drafted in accordance with legislation. The supply chain processes are linked to this policy and each process is followed and monitored through regular internal, external and ISO audits. The SCM department does not specify nor dictate to the requisitioning line department as to what the specifications of any product are. The SCM function is an independent enabler in the process to ensure fairness and transparency.

3. Eskom bulk tariff increases

The proposed revisions to the tariffs have been formulated in accordance with the Municipality of Siyathemba Tariff and Rates Policy and comply with Section 74 of the Municipal Systems Act (MSA) as well as the recommendations of the National Energy Regulator of South Africa (NERSA). The Electricity Regulation Act requires that proposed revisions to the electricity consumption based tariffs be submitted to the Regulator for approval prior to implementation. Provisional approval will therefore be requested with the express proviso that any alterations required by Council will be submitted to the Regulator as soon as possible.

Guidelines for the municipal electricity tariff increase were used as stipulated in Circular 51 issued by National Treasury.

4. Water tariffs must be cost reflective

The municipality's water tariffs are cost reflective to the extent that the current cost of water is covered by current revenue (taking due cognizance of the cross-subsidization from sanitation at the moment). The water tariffs do not, however, allow for the cost of future infrastructure, as no or minimal provision is made for reserves to fund future projects. Changes to the pricing strategy approach, i.e. to spread the impact on consumers over a period of time, will be dependent on the overall approach of the

The water tariffs are already structured to protect basic levels of service and to encourage efficient and sustainable consumption.

5. Implementation of the Municipal Property Rates Act

The ratios prescribed in the regulations have been complied with.

6. Providing clean water and managing waste water

The Municipality of Siyathemba performs the roles of both the Water Service Authority and Water Service Provider i.e. actually manages the provision of drinking water and treatment of wastewater.

Blue Drop Status

The Municipality participates in the blue drop status and the compliance thereof. The Municipality is in the process of submitting repairs and maintenance plans in addition to the above. In most instances the Municipality is complying with the water quality standards.

Green Drop Status

This is not yet applicable to our Municipality.

Brief outline of the problems

In both instances the biggest problem relates to inadequate asset management, i.e. the refurbishment of aging infrastructure and maintenance of existing infrastructure. The problem is further exacerbated by the expanding developments which are placing further pressure on the existing infrastructure. Both asset management and manpower capacity are impacted upon by budgetary constraints.

7. Mayor's discretionary funds and similar discretionary budget allocations

A budgetary provision of R815 770 for Mayoral Projects is provided on the 2010/2011 operating budget for the allocation to projects identified by the mayor and Internal Departments. The provision is within the Governance/Administration Department, which falls within the ambit of the Municipal Manager.

Identification of projects

- The Mayor may identify project(s) on condition that it is a local government competency and can be executed within the legal and financial framework applicable to local government.
- A line department may identify a worthy project for which they have not budget and submit a report to the Mayor for consideration, also on the basis of fully compliance as per above.

The internal administrative procedures in allocation of funds

- A written report or memorandum setting out the project scope and required funding is submitted to the Executive Mayor for approval.
- Where the mayor identifies a feasible project, his written approval must be obtained to allocate funding and proceed with the project which is submitted by the Manager: Executive & Legislative Support.
- Once approved, an operating project is created and funds are allocated to the approved project (s) for recording and monitoring purposes.
- Requests for release of funds are received electronically as the projects progress.
- Funds are released by the Chief Financial Officer and Municipal Manager. The Legislative Support in terms of the Council's approved systems of delegation, provided there is full compliance to the Supply Chain Management policy and procedures.
- Progress reports are submitted on regular basis.

8. Unallocated ward allocations

None.

9. New office buildings

The municipality has no new office buildings on its capital budget for the MTREF period.

10. Phasing in of formats and tables – Repairs and Maintenance

NT Circular 48 stipulated that repairs and maintenance ‘must be broken-up into component expenditure types for the 2010/2011 budget’ and not reported on as a subjective category. This was further emphasized in Circular 51, section 6.3.3.

In order for the municipality to be compliant, a rework of the repairs and maintenance subjective category had to be undertaken. A new allocation structure was created to allocate the budgetary provision by cost element or ‘component expenditure’ for the 2010/2011 budget process.

19. CAPITAL EXPENDITURE DETAILS

NC077 Siyathemba - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code 3.	Asset Class 4.	Asset Sub- Class 4.	Total Project Estimate	Prior year outcomes		2010/11 Medium Term Revenue & Expenditure Framework			Project information	
								Audited Outcome 2008/9	Current Year 2009/10 Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13	Ward location	New or renewal
R thousand	5													
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>						<i>Examples</i>	<i>Examples</i>							
Planning & Development		Cemetries						-	-	2,594	-	-	1,2,3&4	New
Waste Management		Dumping site						2,300	-	2,212	4,225	5,138	3	New
Water		Water reticulation						-	-	2,350			3	New
								-			-	-		
Road Transport		Tarring of roads						1,373	4,329	-	4,225	5,138	1,2,3&4	New
Electricity		High mast lighting						-	2,058	-	-	-	1,2,3&4	New
Total Capital expenditure	1									7,156	8,450	10,276		
Entities: <i>List all capital projects grouped by Entity</i>														
Entity A														
Water project A														
Entity B														
Electricity project B														
Total Capital expenditure	2									-	-	-		

References

1. Must reconcile with Budgeted Capital Expenditure

2. Must reconcile with table A34

3. As per Table A6

4. As per Table 34

5. Projects that fall above the threshold values applicable to the municipality as identified in regulation 13 of the Municipal Budget and Reporting Regulations must be listed individually. Other projects by programme by Vote

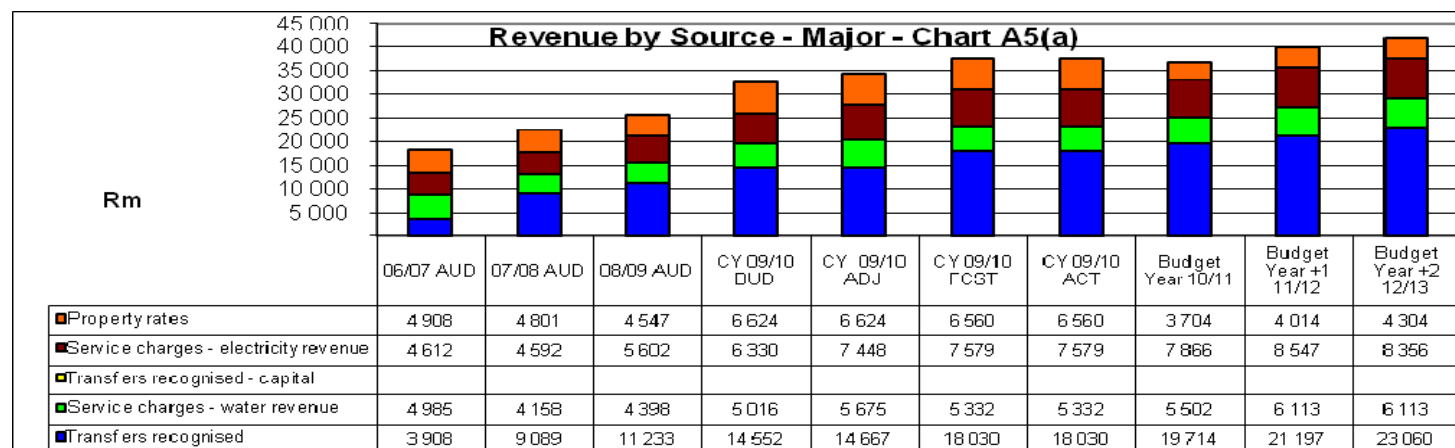
Table 35: Capital budget detail (Support Table A36)

Note: Refer to Annexure 1 for detail of all 2010/2011 capital projects.

20. OTHER SUPPORTING DOCUMENTS

NC077 Siyathemba - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)																	
Description	Ref	Executive & Council	Budget & Treasury Office	Corporate Services	Planning & Development	Health	Community & Social Services	Housing	Public Safety	Sport and Recreation	Environmental Protection	Waste Management	Waste Water Management	Road Transport	Water	Electricity	Total
R thousand	1																
Revenue By Source																	
Property rates		–	4 808	–	–	–	–	–	–	–	–	–	–	–	–	–	4 808
Property rates - penalties & collection charges		–	12	–	–	–	–	–	–	–	–	–	–	–	–	–	12
Service charges - electricity revenue		–	–	–	–	–	–	–	–	–	–	–	–	–	–	7 866	7 866
Service charges - water revenue		–	–	–	–	–	–	–	–	–	–	–	–	–	5 502	–	5 502
Service charges - sanitation revenue		–	–	–	–	–	–	–	–	–	–	6 270	–	–	–	–	6 270
Service charges - refuse revenue		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		–	500	–	22	–	–	40	–	22	–	–	–	–	–	–	584
Interest earned - external investments		–	65	–	–	–	–	–	–	–	–	–	–	–	–	–	65
Interest earned - outstanding debtors		–	625	–	–	–	–	–	–	–	–	–	–	–	–	–	625
Dividends received		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines		–	17	–	–	–	5	–	175	–	–	–	–	–	–	–	197
Licences and permits		–	–	–	–	–	–	–	15	–	–	–	–	–	–	–	15
Agency services		–	–	–	–	–	–	–	1 523	–	–	–	–	–	–	–	1 523
Other revenue		25	113	–	7	–	24	–	500	–	–	30	–	–	180	1 544	2 423
Transfers recognised - operational		618	9 979	–	870	–	350	–	–	–	–	3 397	–	–	1 853	125	17 191
Gains on disposal of PPE		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		643	16 119	–	899	–	379	40	2 213	22	–	9 697	–	–	7 535	9 535	47 082
Expenditure By Type																	
Employee related costs		1 080	6 236	–	4 150	–	580	–	1 235	1 057	–	3 564	–	–	1 499	844	20 245
Remuneration of councillors		700	–	–	–	–	–	–	–	–	–	–	–	–	–	–	700
Debt impairment		–	150	–	–	–	–	–	–	–	–	–	–	–	–	–	150
Depreciation & asset impairment		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Finance charges		–	97	–	291	–	–	–	–	–	–	50	–	–	–	54	492
Bulk purchases		–	–	–	–	–	–	–	–	–	–	–	–	–	200	4 779	4 979
Other materials		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Contracted services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and grants		415	750	–	870	–	–	–	–	–	–	1 590	–	–	1 800	1 544	6 969
Other expenditure		681	6 813	–	1 102	40	199	–	398	177	–	1 733	–	–	1 296	799	13 239
Loss on disposal of PPE		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure		2 876	14 046	–	6 413	40	779	–	1 634	1 234	–	6 938	–	–	4 795	8 020	46 774
Surplus/(Deficit)		(2 233)	2 073	–	(5 514)	(40)	(400)	40	579	(1 212)	–	2 759	–	–	2 740	1 515	308
Transfers recognised - capital		–	–	–	2 594	–	–	–	–	–	–	2 212	–	–	2 350	–	7 156
Contributions recognised - capital		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Contributed assets		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		(2 233)	2 073	–	(2 920)	(40)	(400)	40	579	(1 212)	–	4 971	–	–	5 090	1 515	7 464
References																	

Table 36: Financial Performance Budget (Revenue source/expenditure type & dept.) (Support Table A2)



Revenue by Source - Minor - Chart A6

	06/07 AUD	07/08 AUD	08/09 AUD	CY 09/10 BUD	CY 09/10 ADJ	CY 09/10 FCST	CY 09/10 ACT	Budget Year 10/11	Budget Year +1 11/12	Budget Year +2 12/13
Interest earned- external investments		18	165	55	90	45	45	65	75	75
Fines	880	65	75	372	84	46	46	697	722	822
Other revenue	1 474	2 133	224	400	327	259	259	517	566	572
Service charges- refuse	1 908	1 360	1 633	1 635	1 935	1 779	1 779	2 125	2 800	2 500
Rental of facilities and equipment	242	469	472	545	691	663	663	584	626	626
Service charges- other	59	83	96	251	139	113	113			
Interest earned- outstanding debtors	350	470	550	595	595	379	379	625	650	650
Service charges- sanitation revenue	4 004	3 387	3 780	4 004	4 004	4 019	4 019	4 145	4 791	4 428
Gains on disposal of PPE										
Licences and permits	1	1	1	13	3	1	1	15	18	18
Contributed assets										
Contributions										

